

FEDERAL REGISTER

THE NATIONAL ARCHIVES
 OF THE UNITED STATES
 1934
 VOLUME 18 NUMBER 3

Washington, Tuesday, January 6, 1953

TITLE 7—AGRICULTURE

Chapter I—Production and Marketing Administration (Standards, Inspections, Marketing Practices), Department of Agriculture

Subchapter A—Commodity Standards and Standard Container Regulations

PART 20—UNITED STATES STANDARDS FOR GRADES OF SWISS CHEESE¹

On December 8, 1951, notice was first published in the *FEDERAL REGISTER* (16 F. R. 12399)² regarding proposed United States Standards for Grades of Swiss Cheese. As a result of the widespread interest in the proposed standards and the many comments and suggestions received, the proposed standards were revised and again published as a proposed rule making on November 13, 1952 (17 F. R. 10386).³ After consideration of all relevant matters presented, including the proposals in the aforesaid notices, the following United States Standards for Grades of Swiss Cheese are hereby promulgated pursuant to the authority contained in the Agricultural Marketing Act 1946 (60 Stat. 1087; 7 U. S. C. 1621 et seq.).

The promulgation of these standards will provide the Department with Swiss cheese standards for use in connection with its grading and inspection service and purchases of Swiss cheese, and will make available official standards for use by the dairy industry.

The standards are as follows:

Sec.	DEFINITION
20.1	Swiss cheese.
	U. S. GRADES
20.2	Nomenclature of U. S. Grades.
20.3	Basis for determination of U. S. Grades.
	EXPLANATION OF TERMS
20.4	Explanation of terms.

¹ Compliance with these standards does not excuse failure to comply with the provisions of the Federal Food, Drug, and Cosmetic Act.

² Issued as proposed rule making under Part 20.

³ Issued as proposed rule making under Part 58.

AUTHORITY: §§ 20.1 to 20.4 issued under sec. 205, 60 Stat. 1090; 7 U. S. C. 1624.

DEFINITION

§ 20.1 *Swiss cheese.* (a) "Swiss cheese" is the cheese defined and identified in § 19.540, of the Definitions and Standards for Food of the Food and Drug Administration, 21 CFR Part 19 (15 F. R. 5676).

(1) The Swiss cheese in these standards shall mean the Swiss cheese of the rind type.

U. S. GRADES

§ 20.2 *Nomenclature of U. S. grades.* (a) The nomenclature of the U. S. grades is as follows: (1) U. S. Grade A; (2) U. S. Grade B; (3) U. S. Grade C; (4) U. S. Grade D.

§ 20.3 *Basis for determination of U. S. grades.* The U. S. grades of Swiss cheese shall be determined on the basis of flavor, body, eyes and texture, finish and appearance, salt and color. From a drum type cheese, at least two full trier plugs, one from each flat face of the cheese at opposite points on circles located approximately one-half the distance from the center of the flat face to the edge of the same, shall be drawn with a No. 8 trier from each cheese. If necessary, the drum cheese may be tried elsewhere to determine the correct grade, but not more than four full trier plugs shall be drawn. Not more than two triers from the opposite sides of the cheese shall be taken from other styles of rind type cheese.

(a) *U. S. Grade A.* U. S. Grade A Swiss cheese conforms to the following requirements:

- (1) *Flavor.* Is free from off-flavors.
- (i) *Current make.* May be lacking in characteristic Swiss cheese flavor.
- (ii) *Cured.* Has a characteristic Swiss cheese flavor.
- (2) *Body.* Is uniform, firm, and smooth, and is not dry and coarse, spongy, weak, pasty, or gassy.
- (i) *Current make.* Is flexible and resilient.
- (ii) *Cured.* Is flexible.
- (3) *Eyes and texture.* A full plug drawn from the cheese appears free from

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Published daily, except Sundays, Mondays, and days following official Federal holidays, by the Federal Register Division, National Archives and Records Service, General Services Administration, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U. S. C., ch. 8B), under regulations prescribed by the Administrative Committee of the Federal Register, approved by the President. Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

The regulatory material appearing herein is keyed to the Code of Federal Regulations, which is published, under 50 titles, pursuant to section 11 of the Federal Register Act, as amended June 19, 1937.

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UNITED STATES GOVERNMENT ORGANIZATION MANUAL

1952-53 Edition
(Revised through July 1)

Published by the Federal Register Division,
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746 pages—\$1.00 a copy

Order from Superintendent of Documents,
United States Government Printing Office,
Washington 25, D. C.

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glass, pinholes, and over-developed eyes; may have picks and checks within one inch from the surface; may have a limited number of picks and checks beyond one inch from the surface; shows not less than one and not more than eight eyes indicated to a trier. The eyes are round or slightly oval; majority of the eyes are at least one-half inch in diameter and are evenly distributed.

(i) *Current make*. May have an occasional dull glossy or shell eye. Shall be free from dead eyes.

(ii) *Cured*. May have dull glossy or shell eyes. May have some dead eyes.

(4) *Finish and appearance*. Is well-shaped and has a clean, sound, dry rind. Shall be free of mold that cannot be removed without injuring the commercial value of the cheese.

(5) *Salt*. Is uniform.
 (i) *Current make*. May be deficient in salt.
 (ii) *Cured*. Is not deficient in salt.
 (6) *Color*. Is uniform.
 (b) *U. S. Grade B*. U. S. Grade B Swiss cheese conforms to the following requirements:
 (1) *Flavor*. May possess off-flavors.
 (i) *Current make*. May be lacking in characteristic Swiss cheese flavor; may have only slight off-flavors. Is free from objectionable flavors.
 (ii) *Cured*. Has a characteristic Swiss cheese flavor; may lack the fineness in flavor required in Grade A, and may have definite off-flavors. Is free from objectionable flavors.
 (2) *Body*. Is not dry and coarse, spongy, pasty, or gassy.
 (i) *Current make*. Is flexible and resilient; may be slightly weaker than Grade A.
 (ii) *Cured*. Is flexible; may be slightly weak.
 (3) *Eyes and texture*. A full plug drawn from the cheese appears free from glass, pinholes, over-developed eyes, and may be moderately over-set and have a limited amount of picks and checks; is not blind. The majority of the eyes are not less than five-sixteenths of an inch in diameter.
 (i) *Current make*. May have dull glossy or shell eyes. May have occasional dead eyes.
 (ii) *Cured*. May have dull glossy or shell eyes. May have some dead eyes.
 (4) *Finish and appearance*. May be slightly uneven in shape; but the rind is clean and dry. Shall be free of mold that cannot be removed without injuring the commercial value of the cheese. Cheese of Grade B quality whose rind is not damaged more than 25 percent shall remain Grade B but shall be marked as having a "damaged rind."
 (i) *Current make*. Surface may be slightly rough.
 (ii) *Cured*. Surface may be rough.
 (5) *Salt*. Is uniform.
 (i) *Current make*. May be deficient in salt.
 (ii) *Cured*. May be deficient in salt or slightly over-salted.
 (6) *Color*. Is uniform.
 (c) *U. S. Grade C*. U. S. Grade C Swiss cheese conforms to the following requirements:
 (1) *Flavor*. May possess off-flavors.
 (i) *Current make*. May be lacking in characteristic Swiss cheese flavor; may have definite off-flavors. Is free from offensive flavors.
 (ii) *Cured*. Has a characteristic Swiss cheese flavor; but may have pronounced off-flavors that are not offensive.
 (2) *Body*. May be slightly dry and coarse. May be slightly gassy, but is not bloated or spongy. May be weak.
 (3) *Eyes and texture*. A plug drawn from the cheese may be over-set, shell or dead-eyed; have glass, picks, checks, pinholes; may have over-developed eyes, but they must not be more than three inches in diameter. It is not totally blind or totally pinholey.
 (4) *Finish and appearance*. May be definitely uneven in shape and have a

rough surface. Shall be free of mold that cannot be removed without injuring the commercial value of the cheese. Cheese of Grade C quality whose rind is not damaged more than 25 percent shall remain Grade C but shall be marked as having a "damaged rind."
 (5) *Salt*. Is uniform.
 (i) *Current make*. May be flat or deficient in salt.
 (ii) *Cured*. May be flat or deficient in salt or may be oversalted.
 (6) *Color*. May be slightly uneven in color.
 (d) *U. S. Grade D*. U. S. Grade D Swiss cheese conforms to the following requirements:
 (1) *Flavor*. May possess off-flavors. Is free from offensive flavors.
 (2) *Body*. May be dry and coarse or spongy and weak.
 (3) *Eyes and texture*. May be totally blind or totally pinholey; may have glass, picks and checks, and may have overdeveloped eyes.
 (4) *Finish and appearance*. May be uneven in shape and have a rough, unattractive surface. Shall be free of mold that cannot be removed without injuring the commercial value of the cheese. There shall not be defects in the rind to the extent that more than 25 percent of the cheese is damaged.
 (5) *Salt*. May be uneven, deficient, or over-salted.
 (6) *Color*. May be definitely wavy or mottled or otherwise uneven in color.

EXPLANATION OF TERMS

§ 20.4 *Explanation of terms*—(a) *General*—(1) *Current make*. Not less than 60 days old.
 (2) *Cured*. Usually more than 6 months old.
 (b) *With respect to flavor*—(1) *Slight*. Detected only upon critical examination.
 (2) *Definite*. Not intense but detectable.
 (3) *Pronounced*. So intense as to be easily identified.
 (4) *Objectionable flavors*. Flavors, such as, fruity, sour, and yeasty.
 (5) *Offensive flavors*. Weed flavors, such as, peppergrass, french weed, wild onion, or garlic and other off-flavors such as, fruity, sour, and yeasty to a pronounced degree.
 (6) *Fruity*. A sweetish fruit flavor.
 (7) *Sour*. Strong acid flavor.
 (8) *Yeasty*. Indicating yeast fermentation.
 (c) *With respect to body*—(1) *Dry and coarse*. Feels rough and sandy.
 (2) *Firm and smooth*. Feels solid; not soft or weak; not rough.
 (3) *Flexible*. Not dry or brittle.
 (4) *Gassy*. Undesirable gas formation.
 (5) *Pasty*. When worked between the fingers, becomes sticky; a paste-like consistency.
 (6) *Resilient*. Springs back to its original form when compressed.
 (7) *Spongy*. A predominance of open eyes or holes, having characteristics of a sponge.
 (8) *Weak*. Requires little pressure to mash; not firm.

(d) *With respect to eyes and texture*—
 (1) *Indicated*. A whole eye or a part or fraction of an eye.
 (2) *Limited amount*. May appear on two triers.
 (3) *Limited number*. Appears on not more than one trier.
 (4) *Occasional*. Not more than one on a trier.
 (5) *Blind*. No eye formation present.
 (6) *Checks*. Small short cracks.
 (7) *Dead eyes*. Developed eyes that have completely lost their glossy or velvety appearance; may be rough.
 (8) *Dull glossy*. Eyes that have lost some of their bright shiny luster.
 (9) *Glass*. Sizeable cracks, usually in parallel layers and usually clean cut.
 (10) *Over-developed eyes*. Large holes, commonly known as blow holes, usually in excess of 2 inches in diameter.
 (11) *Over-set*. Too many eyes.
 (12) *Picks*. Small irregular or ragged openings.
 (13) *Pinholes; pinholey*. So-called because the holes are numerous and very small and give the appearance of pinholes.
 (14) *Shell*. Nutshell appearance on wall surface of the eyes.
 (e) *With respect to finish and appearance*—(1) *Sound rind*. Free of checks or cracks that enter the body of the cheese.

Done at Washington, D. C., this 31st day of December 1952 to become effective 30 days after publication in the FEDERAL REGISTER. These United States Standards for Grades of Swiss Cheese shall, upon becoming effective, supersede Tentative United States Standards for Grades of Swiss Cheese, approved October 15, 1944.

[SEAL] GEORGE A. DICE,
 Deputy Assistant Administrator,
 Production and Marketing
 Administration.

[F. R. Doc. 53-85; Filed, Jan. 5, 1953; 8:53 a. m.]

PART 31—WOOL STANDARDS

DISTRIBUTION OF PRACTICAL FORMS OF WOOL STANDARDS AND WOOL TOP STANDARDS

On November 15, 1952, a notice of rule making was published in the FEDERAL REGISTER (17 F. R. 10474), regarding the proposed amendment by the Secretary of Agriculture of §§ 31.51 (a) and 31.151 (a) of the regulations governing the distribution of practical forms of wool standards and wool top standards (7 CFR 31.51 (a), 31.151 (a)).

After due consideration of all relevant material presented in connection with the notice, the Secretary of Agriculture, pursuant to the authority vested in him by law (sec. 19, 39 Stat. 489, sec. 19, 42 Stat. 1284, secs. 1, 2, 3, 45 Stat. 593, 594, sec. 401 (a), 58 Stat. 738; 7 U. S. C. 257, 415b-415e), hereby amends the said sections of the regulations as follows:

1. Section 31.51 (a) is amended to read:

§ 31.51 *Practical forms; method of obtaining; conditions*. (a) A complete

set of the practical forms of the official standards of the United States for grades of wool (Grades 80's, or Fine, to 36's, or Braid, inclusive, mounted, 12 specimens), certified under the signature of the Administrator of the Production and Marketing Administration or other official duly authorized by him, will be furnished, subject to the other conditions of this section, upon filing of an approved application and prepayment of costs thereof as fixed by § 31.52.

2. Section 31.151 (a) is amended to read:

§ 31.151 *Practical forms; method of obtaining; conditions.* (a) Practical forms of the official standards of the United States for grades of wool top enumerated in this paragraph, certified under the signature of the Administrator of the Production and Marketing Administration or other official duly authorized by him, will be furnished, subject to the other conditions of this section, upon filing of an approved application and prepayment of costs thereof as fixed by § 31.152:

(1) Sets: Grades 80's to 36's, inclusive, complete series, mounted specimens.

(2) Demonstrator types: Grades 80's to 50's, inclusive, individual, approximately 4 ounces in weight.

(3) Balls: Grades 80's to 50's, inclusive, individual, approximately 9 pounds in weight.

The purpose of these amendments is to make unnecessary the affixing of the seal of the Department of Agriculture to sets of the practical forms of wool standards and wool top standards.

(Sec. 19, 39 Stat. 489, sec. 19, 42 Stat. 1284, secs. 1, 2, 3, 45 Stat. 593, 594, sec. 401 (a), 58 Stat. 738; 7 U. S. C. 257, 415b-415e)

These amendments shall become effective on the 4th day of February 1953.

Done at Washington, D. C., this 31st day of December 1952.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 53-81; Filed, Jan. 5, 1953;
8:51 a. m.]

Chapter VIII—Production and Marketing Administration (Sugar Branch), Department of Agriculture

Subchapter G—Determination of Proportionate Shares

[Sugar Determination 857.5, Amdt. 1]

PART 857—PUERTO RICO

1952-53 CROP

Pursuant to section 302 of the Sugar Act of 1948, as amended (herein referred to as the "act"), the Determination of Proportionate Shares for Farms in Puerto Rico for the 1952-53 Crop, issued July 17, 1952 (17 F. R. 6686), is hereby amended as follows:

1. Subparagraph (1) of § 857.5 (a) is amended by changing the figure "1,100,000" therein to "1,190,000."

2. A new subparagraph is added to § 857.5 (a) reading as follows:

(10) *Adjustment factor.* The adjustment factor to be applied in computing farm proportionate shares pursuant to subparagraph (1) of this paragraph is 0.8765.

STATEMENT OF BASES AND CONSIDERATIONS

The fundamental problem in determining the proper size of Puerto Rico's 1952-53 crop has been to strike a balance between the need for a reduction in the Puerto Rican sugar surplus and the desire to let Puerto Rican labor benefit immediately from the entire 170,000 ton increase in the area's basic mainland marketing quota. At the time the determination of July 17, 1952, was issued, it appeared that the carryover at the beginning of 1953 would amount to 335,000 tons. On that basis it was concluded that production from the 1952-53 crop should be restricted to 1,100,000 tons, compared with a probable total 1953 basic marketing quota of 1,190,000 tons. Present data point to a carryover of around 265,000 tons. This quantity, while in excess of what may be expected to constitute a normal carryover under future conditions, is nevertheless significantly smaller than the carryover anticipated in July.

Although a rapid reduction in the carryover would be desirable from the standpoint of protecting the sugar market, the determination is herein revised to permit production equal to the local requirements and the basic mainland marketing quota for 1953 of 1,190,000 tons. The carryover may still be reduced in 1953 by the amount of any deficits that may be reallocated to Puerto Rico and by any procurements in Puerto Rico to meet export requirements under foreign aid programs of the United States Government. Under existing conditions the production of 1,190,000 tons from the 1952-53 crop will enable Puerto Rico to meet its quotas for the calendar year 1953 (and provide a normal carryover of sugar).

Such a crop will constitute a reduction of 5.7 percent from the average production for the preceding five crops, and 13.3 percent from the record 1951-52 crop of 1,372,000 tons.

The adjustment factor calculated in accordance with the applicable provision of the determination, as amended herein, is 0.8765. This factor reflects the allowance necessary to permit the computation of proportionate shares directly in terms of sugar, 96° basis, to facilitate the determination of compliance.

Accordingly, I hereby find and conclude that the foregoing amendment to the determination will effectuate the applicable provisions of such determination and the controlling provisions of the act.

(Sec. 403, 61 Stat. 932; 7 U. S. C. Sup. 1153. Interprets or applies sec. 302, 61 Stat. 930; 7 U. S. C. Sup. 1132)

Issued this 31st day of December 1952.

CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 53-59; Filed, Jan. 5, 1953;
8:46 a. m.]

Subchapter I—Determination of Prices

[Sugar Determination 877.4, Amdt. 2]

PART 877—SUGARCANE; PUERTO RICO

1951-52 CROP

Pursuant to the provisions of section 301 (c) (2) of the Sugar Act of 1948, the determination of fair and reasonable prices for the 1951-52 crop of Puerto Rican sugarcane, issued December 29, 1951, as Part 877, § 877.4 (16 F. R. 139), as amended on March 7, 1952, is hereby further amended by deleting the period, substituting a colon and adding to § 877.4 (b) (4) (iii) the following:

§ 877.4 *Fair and reasonable prices for the 1951-52 crop of Puerto Rican sugarcane.* * * *

(b) * * *

(4) * * *

(iii) * * *: *Provided further, That*

for sugarcane from which was made the producer's share of such raw sugar sold through programs which involve the use of foreign aid funds of the United States Government, the actual price received per 100 pounds of raw sugar minus applicable selling and delivery expenses actually incurred and further subject to additional deductions for storage, handling costs, insurance, personal property taxes levied on raw sugar and other related costs actually incurred on such raw sugar during the period January 1, 1953 through March 31, 1953, except that in the application of this proviso the producer's share of raw sugar shall not exceed the quantity calculated by applying to his share of 1951-52 crop sugar not within the marketing allotment and not sold under the preceding proviso the percentage that such sales are to the total quantity of raw sugar produced by the processor-producer from the 1951-52 crop not within the marketing allotment and not sold under the preceding proviso.

STATEMENT OF BASES AND CONSIDERATIONS

This amendment provides that a processor-producer may settle with producers for sugarcane from which was made raw sugar sold under programs involving the use of foreign aid funds of the United States Government on the basis of the actual price received for such sugar minus applicable selling and delivery expenses. Under this amendment the computation of the producer's share of raw sugar which is not within the marketing allotment of the processor-producer is not affected.

Before amendment the determination required that settlement for sugarcane from which was made raw sugar not within the marketing allotment of the processor-producer be made on the basis of the average New York price of raw sugar for the period January 1, 1953 through March 31, 1953, converted to the f. o. b. mill price and subject to further deduction for storage and related expenses incurred during the period January 1, 1953 through March 31, 1953, or, in the event of agreement between the producer and the processor-producer, on the basis of the actual net proceeds received for raw sugar sold for shipment to points other than the

continental United States or Puerto Rico. This amendment provides a third basis for settlement for sugarcane from which is made non-quota sugar when the purchase of such sugars involves the use of foreign aid funds of the United States Government.

Substantial quantities of surplus sugar are available in Puerto Rico. Under foreign aid fund programs of the United States Government, an opportunity may exist for the sale of a portion of the surplus sugar. This amendment facilitates the participation by producers and processor-producers in the opportunity to reduce surplus inventories. In any such sales participation by producers and the processor-producers is to be proportionate to their available share of non-quota sugar.

Accordingly, I hereby find and conclude that the foregoing amendment to the price determination will effectuate the price provisions of the Sugar Act of 1948.

(Sec. 403, 61 Stat. 932; 7 U. S. C. Sup. 1153. Interprets or applies sec. 301, 61 Stat. 929; 7 U. S. C. Sup. 1131)

Issued this 31st day of December 1952.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 53-86; Filed, Jan. 5, 1953; 8:53 a. m.]

Chapter IX—Production and Marketing Administration (Marketing Agreements and Orders), Department of Agriculture

PART 906—MILK IN THE TULSA, OKLAHOMA, MARKETING AREA

ORDER AMENDING ORDER, AS AMENDED, REGULATING HANDLING

§ 906.0 Findings and determinations. The findings and determinations herein after set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of each of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) Findings upon the basis of the hearing record. Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order, as amended, regulating the handling of milk in the Tulsa, Oklahoma, marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, as amended, and as hereby further amended, and all of

the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk as determined pursuant to section 2 of the act are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply of and demand for milk in the marketing area, and the minimum prices specified in the order, as amended, and as hereby further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(3) The said order, as amended, and as hereby further amended, regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial and commercial activity, specified in a marketing agreement upon which a hearing has been held.

(b) Additional findings. It is necessary in the public interest to make this order amending the order, as amended, effective not later than January 1, 1953. Any delay beyond January 1, 1953, in the effective date of this order amending the order, as amended, will seriously disrupt the orderly marketing of milk for the Tulsa, Oklahoma, marketing area. The changes effected by this order amending the order, as amended, do not require of persons affected substantial or extensive preparation prior to the effective date. In view of the foregoing it is hereby found that good cause exists for making this order effective January 1, 1953 (sec. 4 (c), Administrative Procedure Act, 5 U. S. C. 1003 (c)).

(c) Determinations. It is hereby determined that handlers (excluding cooperative associations of producers who are not engaged in processing, distributing or shipping milk covered by this order, amending the order, as amended, which is marketed within the Tulsa, Oklahoma, marketing area) of more than 50 percent of the milk which is marketed within the said marketing area, refused or failed to sign the proposed marketing agreement regulating the handling of milk in the said marketing area, and it is hereby further determined that:

(1) The refusal or failure of such handlers to sign said proposed marketing agreement tends to prevent the effectuation of the declared policy of the act;

(2) The issuance of this order amending the order, as amended, is the only practical means, pursuant to the declared policy of the act, of advancing the interests of producers of milk which is produced for sale in the said marketing area; and

(3) The issuance of this order amending the order, as amended, is approved or favored by at least two-thirds of the producers who, during the determined representative period (November 1952), were engaged in the production of milk for sale in the said marketing area.

Order relative to handling. It is therefore ordered that on and after the effective date hereof the handling of milk in the Tulsa, Oklahoma, marketing area

shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended, and the aforesaid order, as amended, is hereby further amended as follows:

1. Delete § 906.51 (a) and substitute therefor the following:

(a) Class I milk. The basic formula price plus \$1.45 during the months of April, May and June and plus \$1.85 during all other months: *Provided*, That for each of the months of September, October, November, and December, such price shall not be less than that for the preceding month, and that for each of the months of April, May and June such price shall be not more than that for the preceding month. To this price add or subtract a "supply-demand adjustment" computed as follows:

(1) Divide the total receipts of producer milk in the first and second months preceding by the total gross volume of Class I milk (excluding interhandler transfers and sales by producer-handlers and handlers partially exempt from this part pursuant to § 906.61) for the same months, multiply the result by 100, and round to the nearest whole number. The result shall be known as the Class I utilization percentage;

(2) Compute a "net utilization percentage" by algebraically subtracting from the Class I utilization percentage computed pursuant to subparagraph (1) of this paragraph, the standard utilization percentage shown below:

Month for which price applies	Months used in computation	Standard utilization percentage
January.....	November-December.....	108
February.....	December-January.....	110
March.....	January-February.....	112
April.....	February-March.....	114
May.....	March-April.....	117
June.....	April-May.....	129
July.....	May-June.....	137
August.....	June-July.....	137
September.....	July-August.....	134
October.....	August-September.....	128
November.....	September-October.....	119
December.....	October-November.....	109

(3) For each minus percentage point in excess of 2 in the "net utilization percentage" the Class I price shall be increased 3 cents in January, February, March, July and August; 2 cents in April, May and June; 4 cents in September, October, November and December; and for each plus percentage point in excess of 2 in the "net utilization percentage" the Class I price shall be decreased 3 cents in January, February, March, July and August; 4 cents in April, May and June; and 2 cents in September, October, November and December: *Provided*, That in no event shall an adjustment made pursuant to this subparagraph exceed 50 cents per hundredweight.

2. Amend § 906.22 (j) (1) to read as follows:

(1) On or before the 12th day of each month the minimum price for Class I milk computed pursuant to § 906.51 (a) and the Class I butterfat differential computed pursuant to § 906.52 (a) both

for the current month; and on or before the 5th day of each month the minimum price for Class II milk pursuant to § 906.51 (b) and the Class II butterfat differential computed pursuant to § 906.52 (b), both for the previous month; and

3. Delete § 906.41 (a) and substitute therefor the following:

(a) Class I milk shall be skim milk (including reconstituted skim milk) and butterfat disposed of in the form of milk, skim milk, buttermilk, flavored milk, flavored milk drinks, cream, cultured sour cream, any mixture (except bulk ice cream mix) of cream and milk or skim milk, and all skim milk and butterfat not specifically accounted for under paragraph (b) of this section;

4. Delete § 906.53 and substitute therefor the following:

§ 906.53 *Location adjustment credit to handlers.* For that portion of milk which is (a) received directly from producers at an approved plant located 35 or more miles from City Hall in Tulsa by shortest hard-surfaced highway distance, as determined by the market administrator, and (b) is either (1) moved to and received at an approved plant located in the marketing area in the form of milk, skim milk or cream, or (2) is classified as Class I milk without such movement, the prices specified in § 906.51 shall be subject to a location adjustment credit to the handler, computed as follows:

Distance from the City Hall in Tulsa:	Cents per hundredweight
35 to 50 miles.....	15
50.1 to 65 miles.....	17
65.1 to 80 miles.....	19
80.1 to 95 miles.....	21
95.1 miles or over.....	23

5. Delete § 906.81 and substitute therefor the following:

§ 906.81 *Location adjustment to producers.* In making payments to producers pursuant to § 906.80, each handler may deduct per hundredweight of milk received from producers at an approved plant, or diverted to an unapproved plant, either of which is located 35 or more miles from the City Hall in Tulsa by shortest hard-surfaced highway distance, as determined by the market administrator, the applicable amounts set forth below:

Distance from the City Hall in Tulsa:	Cents per hundredweight
35 to 50 miles.....	15
50.1 to 65 miles.....	17
65.1 to 80 miles.....	19
80.1 to 95 miles.....	21
95.1 miles or over.....	23

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Sup. 608c)

Issued at Washington, D. C., this 31st day of December, 1952 to be effective on and after the 1st day of January 1953.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 53-82; Filed, Jan. 5, 1953;
8:51 a. m.]

TITLE 9—ANIMALS AND ANIMAL PRODUCTS

Chapter I—Bureau of Animal Industry, Department of Agriculture

Subchapter A—Meat Inspection Regulations

PART 17—LABELING

PART 28—DEFINITIONS AND STANDARDS OF IDENTITY

OLEOMARGARINE OR MARGARINE

On October 7, 1952, there was published in the FEDERAL REGISTER (17 F. R. 8957) a notice of proposed amendments of the regulations governing the Meat Inspection of the United States Department of Agriculture (9 CFR Chapter 1, Subchapter A, as amended). After due consideration of all relevant matters submitted in connection with the notice, the Secretary of Agriculture, pursuant to the authority conferred upon him by the Meat Inspection Act, as amended (21 U. S. C. 71-91), and section 306 of the Tariff Act of 1930 (19 U. S. C. 1306), hereby amends the aforesaid regulations as follows:

1. Paragraph (c) of § 17.8 is amended by adding the following subparagraph:

(53) Colored oleomargarine or colored margarine packed for retail sale shall be in containers not exceeding one-pound capacity.

(i) The word "oleomargarine" or "margarine" shall appear on each principal display panel of the container in type or lettering at least as large and in at least the same prominence as any other type or lettering appearing on such container.

(ii) A full and accurate statement of all the ingredients contained in such oleomargarine or margarine shall be prominently and informatively displayed contiguous to the word "oleomargarine" or "margarine" wherever such word is featured on the container. The ingredients shall be shown by their common or usual name and be arranged in the order of their predominance. Collective terms such as "animal fat" and "vegetable fat" shall not be used but the specific fat, oil or stearin shall be shown.

(iii) Each part of the contents of the container shall be enclosed in a wrapper bearing the word "oleomargarine" or "margarine" in type or lettering not smaller than 20-point type.

(iv) Wrapped quarter pound sticks or similar units of such oleomargarine or margarine packaged together in a container may constitute units for retail sale and they shall be individually wrapped and labeled in accordance with subdivisions (i), (ii), and (iii) of this subparagraph.

2. Section 28.1 is amended to read as follows:

§ 28.1 *Oleomargarine or margarine; identity; label statement of optional ingredients.* (a) Oleomargarine or margarine is the plastic food which is prepared in accordance with the provisions of subparagraphs (1), (2), (3), and (4) of this paragraph.

(1) It is prepared with one or more of the optional fat ingredients named in

any one of subdivisions (i), (ii), (iii), (iv) of this subparagraph.

(i) The rendered fat, or oil, or stearin derived therefrom (any or all of which may be hydrogenated), of cattle, sheep, swine, or goats, or any combination of two or more of such articles;

(ii) Any vegetable food fat or oil, or oil or stearin derived therefrom (any or all of which may be hydrogenated), or any combination of two or more of such articles;

(iii) Any combination of ingredients named under subdivisions (i) and (ii) of this subparagraph in such proportion that the weight of the ingredients named under subdivision (i) of this subparagraph either equals the weight of the ingredients named under subdivision (ii) of this subparagraph or exceeds such weight by a ratio not greater than 9 to 1.

(iv) Any combination of ingredients named under subdivisions (i) and (ii) of this subparagraph in such proportion that the weight of the ingredients named under subdivision (ii) of this subparagraph exceeds the weight of the ingredients named under subdivision (i) of this subparagraph by a ratio not greater than 9 to 1;

(2) It contains one of the articles named in the subdivisions (i), (ii), (iii), or (iv) of this subparagraph, or a combination of two or more of such articles, intimately mixed with the fat ingredient or ingredients, after such article has been pasteurized and subjected to the action of harmless bacterial starters. The term "milk" as used in this subparagraph means cow's milk.

(i) Cream;

(ii) Milk;

(iii) Skim milk;

(iv) Any combination of dried skim milk and water in which the weight of the dried skim milk is not less than 10 percent of the weight of the water;

(v) Congealing is effected, either with or without contact with water, and the congealed mixture may be worked.

(3) It may contain one or more of the following optional ingredients in addition to the ingredients and articles named in subparagraphs (1) and (2) of this paragraph:

(i) Artificial coloring. For the purpose of this subdivision provitamin A shall be deemed to be artificial coloring.

(ii) Sodium benzoate, or benzoic acid, or a combination of these, in a quantity not to exceed 0.1 percent of the weight of the finished product.

(iii) Vitamin A (with or without any accompanying vitamin D and with or without vitamin D concentrate), in such quantity that the finished oleomargarine or margarine contains not less than 15,000 United States Pharmacopoeia units of vitamin A per pound, as determined by the method prescribed in the Pharmacopoeia of the United States for total biological vitamin A activity. The vitamin A potency prescribed may be furnished by fish liver oil; by concentrates of vitamin A or its fatty acid esters from animal sources; by synthetic vitamin A or its fatty acid esters; by mixtures of synthetic vitamin A or its fatty acid esters with harmless substances formed during the synthesis of the vitamin A, if the vitamin A or its fatty acid ester con-

stitutes not less than 50 percent of the mixture; by provitamin A; or by any combination of two or more of these. For the purposes of this subdivision the term "fatty acid" may include acetic acid.

(iv) The artificial flavoring diacetyl added as such, or as starter distillate, or produced during the preparation of the product as a result of the addition of citric acid or harmless citrates.

(v) (a) Lecithin, in an amount not exceeding 0.5 percent of the weight of the finished oleomargarine or margarine; or (b) monoglycerides or diglycerides of fat-forming fatty acids, or a combination of these, in an amount not exceeding 0.5 percent of the weight of the finished oleomargarine or margarine; or (c) such monoglycerides and diglycerides in combination with the sodium sulfacetate derivatives thereof in a total amount not exceeding 0.5 percent of the weight of the finished oleomargarine or margarine; or (d) a combination of (a) and (b) of this subdivision in which the amount of neither exceeds that above stated; or (e) a combination of (a) and (c) of this subdivision in a total amount not exceeding 0.5 percent of the weight of the finished oleomargarine or margarine. The weight of diglycerides in each of ingredients (b), (c), (d) and (e) of this subdivision is calculated at one-half actual weight.

(vi) Butter.

(vii) Salt.

(viii) Citric acid incorporated in the fat or oil ingredient used.

(ix) Isopropyl citrates incorporated in the fat or oil ingredient used, in an amount not to exceed 0.02 percent by weight of the finished oleomargarine or margarine.

(x) Stearyl citrate incorporated in the fat or oil ingredient in an amount not to exceed 0.15 percent by weight of the finished oleomargarine or margarine.

(4) The finished oleomargarine or margarine shall contain not less than 80 percent fat, as determined by the method prescribed in "Official Methods of Analysis of the Association of Official Agricultural Chemists," 7th Edition, Page 259, under "Indirect Method," section 15.111.

(b) (1) When any ingredient named under one of the following specified subdivisions of subparagraphs of paragraph (a) of this section is used, the label shall, except as provided in subparagraph (2) of this paragraph, bear the statement set forth after such specified subdivision:

(i) Subdivision (i), subparagraph (1): "Prepared from Animal Fat," or "Made from Animal Fat," or "Prepared from Meat Fat," or "Made from Meat Fat."

(ii) Subdivision (iii), subparagraph (1): "Prepared from Animal and Vegetable Fats," or "Made from Animal and Vegetable Fats," or "Prepared from Meat Fats and Vegetable Fats," or "Made from Meat Fats and Vegetable Fats."

(iii) Subdivision (iv), subparagraph (1): "Prepared from Vegetable and Animal Fats," or "Made from Vegetable and Animal Fats," or "Prepared from Vegetable and Meat Fats," or "Made from Vegetable and Meat Fats."

(iv) Subdivision (i), subparagraph (3): "Artificially Colored," or "Artificial Coloring Added," or "With Added Artificial Coloring."

(v) Subdivision (ii), subparagraph (3): "Sodium Benzoate (or, as the case may be, 'Benzoic Acid' or 'Sodium Benzoate and Benzoic Acid') Added as a Preservative," or "With Added Sodium Benzoate (or, as the case may be, 'Benzoic Acid' or 'Sodium Benzoate and Benzoic Acid') as a Preservative," stating the percent used.

(vi) Subdivision (iii), subparagraph (3): "Vitamin A Added," or "With Added Vitamin A."

(vii) Subdivision (iv), subparagraph (3): "Artificially Flavored," or "Artificial Flavoring Added," or "With Added Artificial Flavoring."

(viii) Subdivision (viii), subparagraph (3): "Citric Acid Added To Protect Flavor" or "Citric Acid Added as a Preservative."

(ix) Subdivision (ix), subparagraph (3): "Isopropyl Citrate Added To Protect Flavor" or "Isopropyl Citrate Added as a Preservative."

(x) Subdivision (x), subparagraph (3): "Stearyl Citrate Added To Protect Flavor" or "Stearyl Citrate Added as a Preservative."

(2) Where oil is used, the word "oil" may be substituted for "fat" in the label statement. In lieu of the words "animal," "meat," or "vegetable" in any such statement, the common or usual name of the fat ingredient may be used. If two or more of the optional ingredients named in subdivisions (i), (ii), (iii), (iv), (viii), (ix), and (x) of subparagraph (3) of paragraph (a) of this section are used, the words "added" or "with added" need appear only once, either at the beginning or end of the list of such ingredients declared. The declaration of vitamin A may include the number of United States Pharmacopoeia Units which have been added.

(3) Whenever the name "oleomargarine" or "margarine" appears on the label so conspicuously as to be easily seen under customary conditions of purchase, the words and statements prescribed in this section showing ingredients used shall immediately and conspicuously precede or follow, or in part precede and in part follow, such name, without intervening written, printed, or other graphic matter.

The primary purpose of the foregoing amendments is to place the definition and standard of identity for oleomargarine or margarine containing animal fats in line with the amended definition and standard of identity for oleomargarine or margarine promulgated by the Food and Drug Administration of the Federal Security Agency. The amendments will also bring into the regulations orders and instructions that were given to the field operating force of the Meat Inspection Division and inspected establishments following the enactment by the 81st Congress of Public Law 459 (ch. 61, 2d sess.) (64 Stat. 20, 1950; 15 U. S. C. Sup. 55 (a), 55 (f); 21 U. S. C. Sup. 331 (m), 342 (e), 347), dealing with colored oleomargarine.

(Ch. 2907, 34 Stat. 1264, sec. 306, 46 Stat. 689; 19 U. S. C. 1306, 21 U. S. C. 89)

The foregoing amendments shall become effective 30 days after publication hereof in the FEDERAL REGISTER.

Done at Washington, D. C., this 31st day of December 1952.

[SEAL]

CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 53-56; Filed, Jan. 5, 1953; 8:45 a. m.]

TITLE 14—CIVIL AVIATION

Chapter II—Civil Aeronautics Administration, Department of Commerce

PART 620—SECURITY CONTROL OF AIR TRAFFIC

REVISION OF PART

Pursuant to section 1201 of the Civil Aeronautics Act of 1938, as amended (64 Stat. 825; 49 U. S. C. Sup. 701), the President determined in Executive Order 10197 (published on December 22, 1950, in 15 F. R. 9180) that it is necessary in the interest of national security to establish security provisions for the use of aircraft in designated areas in the airspace above the United States, its territories, and its possessions (including areas of land or water administered by the United States under international agreement). In accordance with such determination and the authority delegated to me by the Secretary of Commerce (published on January 4, 1951, in 16 F. R. 99), Part 620 was adopted. The part has been amended five times and is revised herewith. This revision has been recommended by the Joint CAA-USAF Air Defense Planning Board after coordination with the Civil Aviation Air Defense Advisory Committee; it received the concurrence of the Civil Aeronautics Board on October 6, 1952. A military function of the United States is involved. Therefore, compliance with the notice, procedures, and effective date provisions of section 4 of the Administrative Procedure Act is not required.

Part 620 is revised to read:

SUBPART A—INTRODUCTION

Sec. 620.1 Basis and purpose.
620.2 Definitions.

SUBPART B—OPERATING RULES

620.10 Scope.
620.11 Flight plans.
620.12 Reporting points.
620.13 Authorized exceptions.
620.14 Adherence to flight plans or air traffic clearances.
620.15 Emergency situations.
620.16 Radio failure.
620.17 Air defense security instructions.
620.18 Violations.

SUBPART C—DESIGNATED AIR DEFENSE IDENTIFICATION ZONES

620.20 General.
620.21 Domestic ADIZ's.
620.22 Coastal ADIZ's.
620.23 International boundary ADIZ's.

AUTHORITY: §§ 620.1 to 620.23 issued under sec. 205, 52 Stat. 984; 49 U. S. C. 425. Interpret or apply secs. 1201-1204, 64 Stat. 825; 49 U. S. C. Sup. 701-704.

SUBPART A—INTRODUCTION

§ 620.1 *Basis and purpose*—(a) *Basis*. This part is issued pursuant to sections 205 and 1201-1204 of the Civil Aeronautics Act of 1938, as amended (52 Stat. 984, 64 Stat. 825; 49 U. S. C. and Sup. 425, 701-704); Executive Order 10197 (15 F. R. 9180); and Department of Commerce Order 86, Amendment 5 (16 F. R. 99).

(b) *Purpose*. This part establishes rules which have been found necessary in the interest of national security to identify, locate, and control United States and foreign aircraft operated within areas designated by the Administrator of Civil Aeronautics as Air Defense Identification Zones (ADIZ).

§ 620.2 *Definitions*. As used in this part, the following words shall mean:

(a) *Aircraft*. Any contrivance now known or hereafter invented, used or designed for navigation or flight in the air.

(b) *Air Defense Identification Zone; (ADIZ)*. Airspace of defined dimensions designated by the Administrator of Civil Aeronautics within which the ready identification, location, and control of aircraft is required in the interest of the national security.

(1) *Domestic Air Defense Identification Zone*. An Air Defense Identification Zone within the United States.

(2) *Coastal Air Defense Identification Zone*. An Air Defense Identification Zone over the coastal waters of the United States.

(3) *International Boundary Air Defense Identification Zone*. An Air Defense Identification Zone adjacent to an international boundary line of the United States.

(c) *Appropriate aeronautical facility*. The normal communications facility with which flight plans or position reports are filed.

(d) *CAA-Airways operations facility*. A Civil Aeronautics Administration control tower, air route traffic control center, or communications station.

(e) *Flight plan*. Specified information which is filed either verbally or in writing with an appropriate aeronautical facility relative to the intended flight of an aircraft.

(f) *Foreign aircraft*. An aircraft other than a United States aircraft defined in paragraph (1) of this section.

(g) *IFR flight*. A flight conducted under the instrument flight rules of the air traffic rules of Part 60 of this title.

(h) *Operate aircraft*. The use of aircraft, for the purpose of air navigation and includes the navigation of aircraft. Any person who causes or authorizes the operation of aircraft, whether with or without the right of legal control (in the capacity of owner, lessee, or otherwise) of the aircraft, shall be deemed to be engaged in the operation of aircraft.

(i) *Person*. Any individual, firm, co-partnership, corporation, company, association, joint-stock association, or body politic; and includes any trustee, receiver, assignee, or other similar representative thereof.

(j) *Reporting point*. A geographical location in relation to which the position of an aircraft is reported.

(k) *United States*. The several States, the District of Columbia, and the several Territories and possessions of the United States (including areas of land or water administered by the United States under international agreement), including the Territorial waters and the overlying airspace thereof.

(1) *United States aircraft*. (1) An aircraft registered with the Administrator of Civil Aeronautics as a "civil aircraft of the United States", (2) an aircraft of the national-defense forces of the United States, or (3) an aircraft of the Federal Government, or of a State, Territory or Possession of the United States, or the District of Columbia, or of any political subdivision thereof which has been registered with the Administrator of Civil Aeronautics.

(m) *VFR Flight*. A flight conducted under the visual flight rules of the air traffic rules of Part 60 of this title.

SUBPART B—OPERATING RULES

§ 620.10 *Scope*. Aircraft shall not be operated into or within an Air Defense Identification Zone (ADIZ) prescribed by the Administrator in Subpart C of this part in violation of the rules stated in this subpart.

NOTE: These Air Defense Identification Zones are depicted in CAA Flight Information Manual, Radio Facility Charts published by the Coast and Geodetic Survey, and USAF and Navy Radio Facility Charts.

§ 620.11 *Flight plans*. Unless otherwise authorized under § 620.13, prior to penetrating an ADIZ or prior to take-off from a point within an ADIZ, a flight plan shall be filed with an appropriate aeronautical facility.

(a) *IFR flights*. Unless an abbreviated flight plan is authorized by air traffic control, the flight plan shall contain the following information:

(1) Aircraft identification, and if necessary, radio call sign;

(2) Type of aircraft, or in the case of a formation flight, the types and number of aircraft involved;

(3) Full name, address, and number of pilot certificate of pilot in command of the aircraft, or of the flight commander if a formation flight is involved;

(4) Point of departure;

(5) Cruising altitude, or altitudes, and the route to be followed;

(6) Point of first intended landing;

(7) Proposed true air speed at cruising altitude in miles per hour;

(8) Radio transmitting and receiving frequencies to be used;

(9) Proposed time of departure;

(10) Estimated elapsed time until arrival over the point of first intended landing;

(11) Alternate airport or airports;

(12) Amount of fuel on board expressed in hours;

(13) Any other information which the pilot in command of the aircraft, or air traffic control, deems necessary for air traffic control purposes;

(14) For international flights, the number of persons on board.

(b) *VFR flights*. Unless an abbreviated flight plan is authorized by air traffic control, the flight plan shall contain the information specified in para-

graphs (a) (1) through (10) of this section. Such a flight plan shall be designated by the pilot in command as a Defense Visual Flight Rules (DVFR) flight plan.

(c) *Notification of arrival*. If a DVFR flight plan has been filed, or if an IFR flight plan has been filed for a flight for which an air traffic control clearance is not required, the pilot in command of the aircraft, upon landing or completion of the flight, shall file an arrival or completion notice with the nearest CAA communications station or control tower, unless the pilot in command states in the flight plan that no arrival notice will be filed.

NOTE: Pilots are urged to file flight plans either in person or by telephone. Flight plans filed by radio while in flight may result in interception of the aircraft to confirm its identity.

§ 620.12 *Reporting points*—(a) *Flights within or penetrating a Domestic ADIZ or entering the United States across an International Boundary ADIZ*. Unless otherwise authorized under § 620.13:

(1) *IFR flights*—(i) *Within control zones and areas*. Position reports shall be made as required by the Instrument Flight Rules of Part 60 of this title.

(ii) *Outside control zones and areas*. The reporting procedures specified for DVFR flights will apply.

(2) *DVFR flights*. The pilot in command of an aircraft shall not operate an aircraft into or within an ADIZ unless the aircraft is equipped with a functioning two-way radio and shall not enter an ADIZ until:

(i) He has reported to an appropriate aeronautical facility the time, position, and altitude at which the aircraft passed the last reporting point along the flight path of the aircraft prior to penetration of an ADIZ and his estimated time over the next reporting point along the intended flight path of the aircraft; or if it is not practicable to comply with this reporting procedure.

(ii) A report which contains the estimated time, position, and altitude at which he will penetrate the ADIZ has been made to an appropriate aeronautical facility at least fifteen minutes prior to penetration.

(b) *Aircraft entering the United States through a Coastal ADIZ*—(1) *United States aircraft*. The reports prescribed in paragraph (a) of this section are required.

(2) *Foreign aircraft*. The pilot in command of a foreign aircraft shall not operate an aircraft into the United States without:

(i) Making position reports as prescribed for United States aircraft in subparagraph (1) of this paragraph, or

(ii) Reporting to an appropriate aeronautical facility when the aircraft is not less than one hour and not more than two-hours average cruising distance via the most direct route, from the United States. Thereafter, reports shall be made as instructed by the facility receiving the original report.

NOTE: Operators of foreign aircraft who exercise the optional position reporting method described in subdivision (ii) of this

subparagraph are cautioned that this procedure does not eliminate the position reporting requirements prescribed for the control of air traffic.

§ 620.13 *Authorized exceptions—(a) Altitudes excepted—(1) Continental United States.* The provisions of this part are not applicable to aircraft operating within any domestic ADIZ located within the continental limits of the United States at altitudes less than 4,000 feet above the immediate terrain or to aircraft entering these same zones from within the continental limits of the United States at altitudes less than 4,000 feet above the terrain.

NOTE: Pilots of aircraft equipped with functioning two-way radio are urged to comply with the flight plan and reporting requirements of this part regardless of altitude.

(2) *Hawaiian ADIZ.* The provisions of this part are not applicable to aircraft operating within the Hawaiian ADIZ on inter-Hawaiian Island flights on Red Civil Airway No. 87 southeast of the Island of Oahu, below seven thousand (7,000) feet MSL.

(3) *Alaskan Domestic ADIZ.* The provisions of this part are not applicable to aircraft operating within the Alaskan Domestic ADIZ on a VFR flight originating from within the Alaskan Domestic ADIZ if:

(i) The flight is confined to altitudes of 2,000 feet or less above the immediate terrain; and

(ii) The aircraft is flown no closer than 500 feet to any other aircraft.

(b) *Areas or routes excepted—(1) General.* A CAA air route traffic control center may exempt certain flights from the requirements of this part. Such flights shall be operated in accordance with the instructions, if any, issued at the time the exemption is granted.

NOTE: Flights which may be exempted, after approval has been obtained from appropriate military commanders, are (a) local flights, (b) flights wholly within the boundaries of an ADIZ, (c) flights from points within an ADIZ to points outside thereof, (d) flights not currently of significance to the air defense system, or (e) military flights which are conducted in accordance with special procedures prescribed by appropriate military authorities.

(2) *Hawaiian ADIZ.* The provisions of this part are not applicable to aircraft operating within the Hawaiian ADIZ over any island or within three miles of the coastline of any island.

§ 620.14 *Adherence to flight plans or air traffic clearances—(a) IFR flights—*

(1) *Within control zones and areas.* No deviation shall be made from an air traffic clearance unless an amended clearance is obtained from CAA air traffic control. In case emergency authority is used to deviate from the provision of an air traffic clearance, the pilot in command shall notify air traffic control as soon as possible and, if necessary, obtain an amended clearance. However, nothing in this paragraph shall prevent a pilot, operating on an IFR traffic clearance, from notifying air traffic control that he is canceling his IFR flight plan and proceeding under VFR: *Provided,* That he is operating in VFR weather conditions when he takes such action.

NOTE: A pilot who cancels an IFR flight plan should not neglect to file a DVFR flight plan if any of the remainder of the flight will be conducted in an Air Defense Identification Zone.

(2) *Outside control zones and areas.* When a flight is conducted in accordance with IFR within or into an ADIZ where an air traffic clearance is not required by the Civil Air Regulations, no deviation from the flight plan, as filed, shall be made unless prior notification is given to an appropriate aeronautical facility.

(b) *DVFR flights.* No deviation shall be made from a DVFR flight plan unless prior notification is given to an appropriate aeronautical facility.

NOTE: The requirements of the air defense of the United States make it imperative that pilots adhere to their flight plans or air traffic clearances within the following time, distance, and altitude tolerances. Failure to meet these requirements may jeopardize the effective identification of aircraft and thereby the national defense effort. Flights which are operated in excess of these tolerances may be subject to interception:

(a) Five minutes from an estimated time over a reporting point or point of penetration of an ADIZ; or, in the case of a flight originating within an ADIZ, five minutes from the proposed time of departure specified in the flight plan, unless the actual time of departure is reported to the appropriate aeronautical facility.

(b) Ten miles from the centerline of the route of flight if the flight is entering or operating within a domestic ADIZ or entering the United States across an International Boundary ADIZ, or 20 miles from the centerline of the route of flight if the flight is entering or operating within a coastal ADIZ.

(c) A pilot in command of an aircraft when on a DVFR flight plan or an IFR flight plan for which air traffic clearance is not required should not deviate from the cruising altitude specified in the flight plan unless prior notification is given to an appropriate aeronautical facility, except that he may begin descent from the altitude specified in the flight plan within reasonable distance of destination without reporting change of altitude.

§ 620.15 *Emergency situations.* In emergency situations which require immediate decision and action for the safety of the flight, the pilot in command of the aircraft may deviate from the provisions of this part to the extent required for such emergency. When a deviation is exercised, the pilot in command shall report such deviation and the reasons therefor, as soon as practicable to an appropriate aeronautical facility.

§ 620.16 *Radio failure—(a) IFR flights.* If unable to maintain two-way radio communications, the pilot in command of the aircraft shall:

(1) If operating under VFR conditions, proceed under VFR and land as soon as practicable, or

(2) Proceed according to the latest air traffic clearance to the radio facility serving the airport of intended landing, maintaining the minimum safe altitude or the last acknowledged assigned altitude whichever is higher. Descent shall start at the expected approach time last authorized or, if not received and acknowledged, at the estimated time of arrival indicated by the elapsed time specified in the flight plan.

NOTE: Detailed procedures to be followed by the pilot are contained in the CAA Flight Information Manual, for sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

(b) *DVFR flights.* In case of the failure of two-way radio communications the flight may proceed in accordance with the original DVFR flight plan, and the pilot in command of the aircraft shall make a report of such failure, as soon as possible, to an appropriate aeronautical facility.

§ 620.17 *Air defense security instructions.* Under emergency air defense conditions which may involve the national security, aircraft shall be operated into or within an ADIZ in accordance with such additional special security instructions as may be issued by the Administrator. Such instructions will be consistent with the provisions of the "Plan for the Security Control of Air Traffic During a Military Emergency," 15 July 1952, as approved.

§ 620.18 *Violations.* In addition to the penalties otherwise provided for by the Civil Aeronautics Act of 1938, as amended, any person who knowingly or wilfully violates any provision prescribed in this part, or any order issued thereunder shall be deemed guilty of a misdemeanor and upon conviction thereof, shall be subject to a fine of not exceeding \$10,000 or to imprisonment not exceeding one year, or to both such fine and imprisonment.

SUBPART C—DESIGNATED AIR DEFENSE IDENTIFICATION ZONES

§ 620.20 *General.* Airspace above the following described areas is established by the Administrator of Civil Aeronautics as Domestic, Coastal and International Air Defense Identification Zones.

§ 620.21 *Domestic ADIZ's—(a) Seattle (Domestic) ADIZ.* The area bounded by a line 49°00' N., 114°00' W.; 47°00' N., 114°00' W.; 43°00' N., 119°00' W.; due west to 43°00' N., 124°40' W.; 46°15' N., 124°30' W.; 48°00' N., 125°15' W.; 48°29'38" N., 124°43'35" W.; along the U. S.-Canadian international boundary line to 49°00' N., 114°00' W. (point of beginning).

(b) *San Francisco (Domestic) ADIZ.* The area bounded by a line 40°00' N., 120°00' W.; 39°00' N., 120°00' W.; 37°00' N., 119°00' W.; 34°50' N., 121°10' W.; 38°50' N., 124°00' W.; 40°00' N., 124°35' W.; due east to 40°00' N., 120°00' W. (point of beginning).

(c) *Los Angeles (Domestic) ADIZ.* The area bounded by a line 37°00' N., 119°00' W.; 35°00' N., 116°00' W.; due east to 35°00' N., 115°00' W.; 32°42' N., 115°00' W.; along the U. S.-Mexican international boundary line to 32°32'03" N., 117°07'25" W.; 32°30' N., 117°20' W.; 32°30' N., 117°45' W.; 33°15' N., 118°30' W.; 34°00' N., 120°30' W.; 34°50' N., 121°10' W.; 37°00' N., 119°00' W. (point of beginning).

(d) *Albuquerque (Domestic) ADIZ.* The area bounded by a line 38°45' N., 108°30' W.; 38°14' N., 104°50' W.; 37°15' N., 104°30' W.; 37°15' N., 104°14' W.; 35°40' N., 103°25' W.; 34°15' N., 103°25'

W.; 33°00' N., 105°10' W.; due west to 33°00' N., 110°45' W.; 35°00' N., 110°55' W.; 37°02' N., 110°52' W.; 38°45' N., 108°30' W. (point of beginning).

(e) *Knoxville (Domestic) ADIZ.* The area bounded by a line 38°16' N., 82°00' W.; 35°38' N., 81°00' W.; 35°13' N., 81°34' W.; 34°53' N., 82°11' W.; 34°53' N., 82°15' W.; 35°06' N., 82°15' W.; 35°06' N., 82°25' W.; 34°45' N., 82°27' W.; 34°15' N., 83°23' W.; due west to 34°15' N., 84°38' W.; 35°07' N., 85°06' W.; 36°08' N., 86°30' W.; 36°25' N., 86°30' W.; 36°52' N., 86°10' W.; 37°40' N., 85°30' W.; 38°06' N., 83°35' W.; 38°16' N., 82°00' W. (point of beginning).

(f) *Alaskan (Domestic) ADIZ.* Area bounded by a line 70°00' N., 141°00' W.; 58°30' N., 141°00' W.; 58°30' N., 150°00' W.; 56°35' N., 153°00' W.; 54°35' N., 163°00' W.; 59°30' N., 168°30' W.; 68°30' N., 168°30' W.; 71°45' N., 156°30' W.; and 70°00' N., 141°00' W. (point of beginning).

(g) *Great Falls (Domestic) ADIZ.* The area bounded by a line 49°00' N., 104°00' W.; 46°00' N., 104°00' W.; due west to 46°00' N., 110°39' W.; 46°18' N., 110°55' W.; 46°41' N., 111°54' W.; 46°43' N., 113°09' W.; 46°59' N., 114°00' W.; 49°00' N., 114°00' W.; due east along the U. S.-Canadian international boundary line to 49°00' N., 104°00' W. (point of beginning).

(h) *Minneapolis (Domestic) ADIZ.* The area bounded by a line 49°00' N., 104°00' W.; easterly along the U. S.-Canadian international boundary line to 48°03' N., 90°00' W.; 44°00' N., 90°00' W.; 41°46' N., 92°00' W.; 41°35' N., 95°59' W.; 41°17' N., 98°00' W.; 46°00' N., 98°00' W.; due west to 46°00' N., 104°00' W.; 49°00' N., 104°00' W. (point of beginning).

(i) *Traverse City (Domestic) ADIZ.* The area bounded by a line 48°03' N., 90°00' W.; easterly along the U. S.-Canadian international boundary line to 44°00' N., 82°12' W.; due west to 44°00' N., 90°00' W.; 48°03' N., 90°00' W. (point of beginning).

(j) *Bangor (Domestic) ADIZ.* The area bounded by a line 44°00' N., 76°31' W.; easterly along the U. S.-Canadian international boundary line to 44°46'36" N., 66°54'11" W.; 44°30' N., 67°07' W.; 43°10' N., 70°00' W.; 43°45' N., 70°00' W.; due west to 43°45' N., 76°00' W.; 44°00' N., 76°31' W. (point of beginning).

NOTE: Prohibited areas within these ADIZ's remain out of bounds for all aircraft.

§ 620.22 *Coastal ADIZ's—(a) Atlantic (Coastal) ADIZ.* The area bounded by a line 44°30' N., 66°45' W.; 40°00' N., 64°00' W.; 32°00' N., 74°00' W.; 33°30' N., 78°00' W.; 35°10' N., 75°10' W.; 36°10' N., 75°10' W.; 37°00' N., 75°30' W.; 39°30' N., 73°45' W.; 40°15' N., 73°30' W.; 41°15' N., 69°30' W.; 42°00' N., 69°30' W.; 42°40' N., 70°10' W.; 43°10' N., 70°00' W.; 44°30' N., 67°07' W.; 44°30' N., 66°45' W. (point of beginning).

(b) *Pacific (Coastal) ADIZ.* The area bounded by a line 51°00' N., 130°00' W.; 48°30' N., 125°00' W.; 48°29'38" N., 124°43'35" W.; 48°00' N., 125°15' W.; 46°15' N., 124°30' W.; 43°00' N., 124°40' W.; 40°00' N., 124°35' W.; 38°50' N., 124°00' W.; 34°50' N., 121°10' W.; 34°00'

N., 120°30' W.; 33°15' N., 118°30' W.; 32°30' N., 117°45' W.; 32°30' N., 117°20' W.; along a line parallel to, and approximately 12 miles from, the Mexican Coast to 20°00' N., 114°51' W.; 27°00' N., 121°30' W.; 38°00' N., 129°00' W.; 50°00' N., 132°00' W.; 51°00' N., 130°00' W. (point of beginning).

(c) *Hawaiian (Coastal) ADIZ.* The area bounded by a line 24°15' N., 158°00' W.; 22°30' N., 155°30' W.; 19°45' N., 153°30' W.; 19°00' N., 155°00' W.; 18°15' N., 158°00' W.; 20°00' N., 161°00' W.; 22°30' N., 161°00' W.; 24°15' N., 158°00' W. (point of beginning).

(d) *Alaskan (Coastal) ADIZ.* The area bounded by a line 73°00' N., 141°00' W.; 70°00' N., 141°00' W.; 71°45' N., 156°30' W.; 68°30' N., 168°30' W.; 59°30' N., 168°30' W.; 54°35' N., 163°00' W.; 56°35' N., 153°00' W.; 58°30' N., 150°00' W.; 58°30' N., 141°00' W.; 50°00' N., 160°00' W.; 50°00' N., 170°00' E.; 52°30' N., 170°00' E.; 65°00' N., 169°00' W.; 73°00' N., 169°00' W.; 73°00' N., 141°00' W. (point of beginning).

§ 620.23 *International Boundary ADIZ's—(a) Canadian (International) Boundary ADIZ.* A line from 44°30' N., 66°45' W.; 44°30' N., 67°07' W.; 44°46'36" N., 66°54'11" W.; westerly along the U. S.-Canadian international boundary line to 48°29'38" N., 124°43'35" W.

(b) *Mexican (International) Boundary ADIZ.* A line from 32°42' N., 115°00' W.; westerly along the U. S.-Mexican international boundary line to 32°32'03" N., 117°07'25" W.; thence to 32°30' N., 117°20' W.

This part shall become effective 0001 e. s. t., January 15, 1953.

[SEAL] C. F. HORNE,
Administrator of Civil Aeronautics.

[F. R. Doc. 53-55; Filed, Jan. 5, 1953;
8:45 a. m.]

TITLE 25—INDIANS

Chapter I—Bureau of Indian Affairs, Department of the Interior

Appendix—Extension of the Trust or Restricted Status of Certain Indian Lands

EXTENSION OF TRUST PERIODS EXPIRING DURING CALENDAR YEAR 1953

By virtue of and pursuant to the authority delegated by Executive Order No. 10250 of June 5, 1951, and pursuant to section 5 of the act of February 8, 1887, 24 Stat. 388, 389, the act of June 21, 1906, 34 Stat. 325, 326, and the act of March 2, 1917, 39 Stat. 969, 976, and other applicable provisions of law: It is hereby ordered, That the periods of trust or other restrictions against alienation contained in any patent applying to Indian lands, whether of a tribal or individual status, which, unless extended, will expire during the calendar year 1953, be, and the same are hereby, extended for a further period of one year from the date on which any such trust would otherwise expire.

This order is not intended to apply to any case in which Congress has specifically reserved to itself authority to

extend the period of trust on tribal or individual Indian lands.

JOEL D. WOLFSOHN,
Assistant Secretary of the Interior.

DECEMBER 29, 1952.

[F. R. Doc. 53-77; Filed, Jan. 5, 1953;
8:50 a. m.]

TITLE 26—INTERNAL REVENUE

Chapter I—Bureau of Internal Revenue, Department of the Treasury

Subchapter A—Income and Excess Profits Taxes [T. D. 5969; Regs. 111, 130]

PART 29—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1941

PART 40—EXCESS PROFITS TAX; TAXABLE YEARS ENDING AFTER JUNE 30, 1950

MISCELLANEOUS AMENDMENTS

On October 18, 1952, notice of proposed rule making, regarding amendments to conform Regulations 111 (26 CFR Part 29) to section 131 of the Revenue Act of 1950, approved September 23, 1950, section 203 of the Excess Profits Tax Act of 1950, approved January 3, 1951, and section 131 (a) and (c) of the Revenue Act of 1951, approved October 20, 1951, and to conform Regulations 130 (26 CFR Part 40) to section 131 (b) of the Revenue Act of 1951, was published in the FEDERAL REGISTER (17 F. R. 9251). No objection to the rules proposed having been received, the amendments to Regulations 111 and 130 set forth below are hereby adopted.

PARAGRAPH 1. Section 29.47-1, as amended by Treasury Decision 5517, approved June 12, 1946, is further amended by adding at the end of the section the following undesignated paragraph:

Any reference in the regulations in this part to a taxable year which is the calendar year (see, for example, the regulations under sections 11-15, inclusive, and 108) means a taxable year of 12 months beginning on January 1 and ending on December 31. The term does not include a taxable year of less than 12 months, even though the taxpayer may have customarily made his returns on the basis of a calendar year.

PAR. 2. There is inserted immediately preceding § 29.108-1 the following:

SEC. 131. FISCAL YEAR TAXPAYERS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

(a) Amendment of section 108. Section 108 is hereby amended by striking out subsection (e) and inserting in lieu thereof the following new subsections:

(e) Certain taxable years of individuals beginning before October 1, 1950, and ending after September 30, 1950. In the case of a taxable year (other than one beginning on January 1, 1950, and ending on December 31, 1950) of a taxpayer other than a corporation beginning before October 1, 1950, and ending after September 30, 1950, the tax imposed by sections 11, 12, and 400 shall be an amount equal to the sum of—

(1) That portion of a tentative tax, computed under the provisions of sections 11 (b), 12 (b) (2), 12 (c) (2), and 12 (d), or Table III of section 400, applicable to such taxable year, which the number of calendar

months in such taxable year prior to October 1, 1950, bears to the total number of calendar months in such taxable year, plus

(2) That portion of a tentative tax, computed under the provisions of sections 11 (a), 12 (b) (1), 12 (d), and 12 (f), or Table I of section 400, as if such provisions were applicable to such taxable year, which the number of calendar months in such taxable year after September 30, 1950, bears to the total number of calendar months in such taxable year.

For the purposes of this subsection, a calendar month only part of which falls within the taxable year (A) shall be disregarded if less than 15 days of such month are included in such taxable year, and (B) shall be included as a calendar month within the taxable year if more than 14 days of such month fall within the taxable year.

(f) *Certain taxable years of corporations beginning before July 1, 1950, and ending after June 30, 1950.* In the case of a taxable year (other than one beginning on January 1, 1950, and ending on December 31, 1950) of a corporation beginning before July 1, 1950, and ending after June 30, 1950, the tax imposed by sections 13, 14, and 15 shall be an amount equal to the sum of—

(1) That portion of a tentative tax, computed under the provisions of sections 13 (b) (3), 14, and 15 (b) (3), applicable to such taxable year, which the number of days in such taxable year prior to July 1, 1950, bears to the total number of days in such taxable year, plus

(2) That portion of a tentative tax, computed under the provisions of sections 13 (b) (1) and 15 (b) (1), as if such provisions (and the provisions of sections 26 (b) (2) (A), 26 (h) (1) (B), and 26 (i) (1)) were applicable to such taxable year, which the number of days in such taxable year after June 30, 1950, bears to the total number of days in such taxable year.

(g) *Special classes of taxpayers.* This section shall not apply to an insurance company subject to Supplement G or an investment company subject to Supplement Q.

(b) *Effective date.* The amendment made by subsection (a) in striking out subsection (e) of section 108 of the Internal Revenue Code shall not apply in the case of any taxable year described in subsections (a), (b), or (c) of such section.

SEC. 203. FISCAL YEAR TAXPAYERS (EXCESS PROFITS TAX ACT OF 1950, APPROVED JANUARY 3, 1951).

Section 108 (f) (2) of the Internal Revenue Code (relating to computation of tax of a fiscal year beginning before July 1, 1950, and ending after June 30, 1950) is hereby amended by adding at the end thereof the following new sentence: "For the purposes of this paragraph, the provisions of sections 15 (b) (1), 26 (h) (1), and 26 (i) (1) shall be applied without regard to the amendments made to such provisions by Title II [secs. 201, 202, and 203] of the Excess Profits Tax Act of 1950."

SEC. 131. FISCAL YEAR TAXPAYERS (REVENUE ACT OF 1951, APPROVED OCTOBER 20, 1951).

(a) *Amendment of section 108.* Section 108 is hereby amended by striking out paragraph (2) of subsection (f) and inserting in lieu thereof the following:

(2) That portion of a tentative tax consisting of—

(A) A tentative normal tax of 25 per centum of the normal-tax net income, plus

(B) A tentative surtax of 20 per centum of the surtax net income in excess of \$25,000,

which the number of days in such taxable year after June 30, 1950, and before April 1, 1951, bears to the total number of days in such taxable year, plus (if the taxable year ends after March 31, 1951)

(3) That portion of a tentative tax consisting of—

(A) A tentative normal tax of 30 per centum of the normal-tax net income, plus

(B) A tentative surtax of 20 per centum of the surtax net income in excess of \$25,000,

which the number of days in such taxable year after March 31, 1951, bears to the total number of days in such taxable year.

In computing for the purposes of paragraph (2) the normal-tax net income and the corporation surtax net income, the credits provided in section 26 applicable to taxable years beginning on July 1, 1950, shall be allowed in the manner and to the extent provided in sections 13 and 15 applicable to years beginning on such date, except that such credits shall be applied without regard to the amendments made to section 26 by title II (inc. sec. 202) of the Excess Profits Tax Act of 1950. In computing for the purposes of paragraph (3) the normal-tax net income and the corporation surtax net income, the credits provided in section 26 applicable to taxable years beginning on April 1, 1951, shall be allowed in the manner and to the extent provided in sections 13 and 15 applicable to years beginning on such date.

(g) *Certain taxable years of corporations beginning after June 30, 1950, and before April 1, 1951.* In the case of a taxable year (other than one beginning on January 1, 1951, and ending on December 31, 1951) of a corporation beginning after June 30, 1950, and before April 1, 1951, and ending after March 31, 1951, the tax imposed by sections 13 and 15 shall be an amount equal to the sum of—

(1) That portion of a tentative tax, computed under the provisions of sections 13 and 15 applicable to such taxable year, which the number of days in such taxable year prior to April 1, 1951, bears to the total number of days in such taxable year, plus

(2) That portion of a tentative tax, computed under the provisions of sections 13 and 15 applicable to years beginning on April 1, 1951, as if such provisions were applicable to such taxable year, which the number of days in such taxable year after March 31, 1951, bears to the total number of days in such taxable year.

(h) *Certain taxable years of individuals beginning before November 1, 1951, and ending after October 31, 1951.* In the case of a taxable year (other than one beginning on January 1, 1951, and ending on December 31, 1951) of a taxpayer, other than a corporation, beginning before November 1, 1951, and ending after October 31, 1951, the tax imposed by sections 11 and 12, section 400, or section 421 (a) (2), shall be an amount equal to the sum of—

(1) That portion of a tentative tax, computed under the provisions of sections 11 and 12, section 400, or section 421 (a) (2), applicable to such year, which the number of calendar months in such taxable year prior to November 1, 1951, bears to the total number of calendar months in such taxable year, plus

(2) That portion of a tentative tax, computed under the provisions of sections 11 and 12, section 400, or section 421 (a) (2), applicable to years beginning on November 1, 1951, as if such provisions (other than the provisions relating to head of household) were applicable to such taxable year, which the number of calendar months in such taxable year after October 31, 1951, bears to the total number of calendar months in such taxable year.

This subsection shall not apply in the case of a trust described in section 421 (b) (2) if the taxable year of such trust began before January 1, 1951.

(i) *Definition of calendar month.* For the purposes of this section, a calendar month only part of which falls within a taxable year (1) shall be disregarded if less than 15 days of such month are included in such taxable year, and (2) shall be included as a calendar

month within the taxable year if more than 14 days of such month fall within the taxable year.

(j) *Taxable years of individuals beginning in 1953 and ending in 1954.* In the case of a taxable year of a taxpayer, other than a corporation, beginning before January 1, 1954, and ending after December 31, 1953, the tax imposed by sections 11 and 12, section 400, or section 421 (a) (2), shall be an amount equal to the sum of—

(1) That portion of a tentative tax, computed under the provisions of sections 11 and 12, section 400, or section 421 (a) (2), applicable to years beginning on January 1, 1953, which the number of calendar months in such taxable year prior to January 1, 1954, bears to the total number of calendar months in such taxable year, plus

(2) That portion of a tentative tax, computed under the provisions of sections 11 and 12, section 400, or section 421 (a) (2), applicable to years beginning on January 1, 1954, as if such provisions were applicable to such taxable year, which the number of calendar months in such taxable year after December 31, 1953, bears to the total number of calendar months in such taxable year.

(k) *Taxable years of corporations beginning before April 1, 1954, and ending after March 31, 1954.* In the case of a taxable year of a corporation beginning before April 1, 1954, and ending after March 31, 1954, the tax imposed by sections 13 and 15, or section 421 (a) (1), shall be an amount equal to the sum of—

(1) That portion of a tentative tax, computed under the provisions of sections 13 and 15, or section 421 (a) (1), applicable to years beginning on January 1, 1953, which the number of days in such taxable year prior to April 1, 1954, bears to the total number of days in such taxable year, plus

(2) That portion of a tentative tax, computed under the provisions of sections 13 and 15, or section 421 (a) (1), applicable to years beginning on April 1, 1954, as if such provisions were applicable to such taxable year, which the number of days in such taxable year after March 31, 1954, bears to the total number of days in such taxable year.

(c) *Technical amendments.* (1) Section 108 (e) (2) is hereby amended by inserting after "section 400," the following: "applicable to years beginning on October 1, 1950,"

(2) Section 108 (g) is hereby amended by striking out "(g)" and inserting in lieu thereof "(1)".

PAR. 3. There is inserted immediately after § 29.108-3, as added by Treasury Decision 5687, approved February 16, 1949, the following new sections:

§ 29.108-4 *Computation of tax of individuals for taxable years beginning before October 1, 1950, and ending after September 30, 1950 (other than the calendar year 1950)*—(a) *General rule.* For a taxable year beginning before October 1, 1950, and ending after September 30, 1950 (other than the calendar year 1950), the normal tax, surtax, and optional tax imposed by sections 11, 12, and 400 upon taxpayers other than corporations shall be computed under section 108 (e), as amended by the Revenue Acts of 1950 and 1951. The tax shall be an amount equal to the sum of:

(1) That portion of a tentative tax under section 108 (e) (1), computed under the provisions of sections 11 (b), 12 (b) (2), 12 (c) (2), and 12 (d), or Table III of section 400, applicable to taxable years beginning on September 1, 1950, which the number of calendar months prior to October 1, 1950, in the taxable year of the taxpayer bears to

the total number of calendar months in such taxable year, and

(2) That portion of a tentative tax under section 108 (e) (2), computed under the provisions of sections 11 (a), 12 (b) (1), 12 (d), and 12 (f), or Table I of section 400, applicable to taxable years beginning on October 1, 1950, which the number of calendar months after September 30, 1950, in the taxable year of the taxpayer bears to the total number of calendar months in such taxable year.

For the purpose of section 108 (e) and this section, a calendar month only part of which falls within the taxable year (i) shall be disregarded if less than 15 days of such month are included in such taxable year, and (ii) shall be included as a calendar month within the taxable year if more than 14 days of such month fall within the taxable year.

(b) *Estates, trusts, and nonresident alien individuals.* The provisions of section 108 (e) apply to estates, trusts, and nonresident alien individuals subject to tax under sections 11 and 12.

(c) *Short taxable years.* The provisions of section 108 (e) apply to a taxable year beginning before October 1, 1950, and ending after September 30, 1950 (other than the calendar year 1950), whether or not such taxable year is one of less than 12 months. In the case of a taxpayer who is subject to the provisions of section 108 (e) and who because of a change in accounting period has a taxable year of less than 12 months, the net income shall be placed on an annual basis under the provisions of section 47 (c) (1) for the purpose of both tentative tax computations under section 108 (e), or shall be computed under the exception in section 47 (c) (2) for the purpose of both such tentative tax computations. Regardless of the method adopted, the amounts of the tentative normal tax and surtax so computed upon the basis of 12 months' income shall be properly reduced under section 47 (c) in order to determine the tentative taxes under section 108 (e). However, in the case of a taxpayer who is subject to the provisions of section 108 (e) and who because of any reason other than a change in accounting period has a taxable year of less than 12 months, the net income shall not be placed on an annual basis under section 47 (c) (1) and shall not be computed under the exception in section 47 (c) (2).

(d) *Alternative tax under section 117 (c).* In any case in which a taxpayer subject to the provisions of section 108 (e) has an excess of net long-term capital gains over net short-term capital losses, the alternative tax under section 117 (c) shall be an amount equal to the sum of the proper portions of the tentative taxes determined under section 108 (e), by computing each such tentative tax pursuant to the alternative tax computation provided in section 117 (c), regardless of whether either tentative tax so computed on the alternative basis is larger or smaller than the tentative tax computed without regard to section 117 (c).

(e) *Certain joint returns.* If a joint return of a husband and wife is filed under the provisions of section 51 (b) (3), if the husband and wife have differ-

ent taxable years solely because of the death of either spouse, and if the taxable year of the surviving spouse covered by such joint return is a period which began before October 1, 1950, and ended after September 30, 1950 (other than the calendar year 1950), the number of calendar months to be taken into account for the purpose of computing the portions of the tentative tax under section 108 (e) (1) and (2) shall be the number of calendar months prior to October 1, 1950, in the taxable year of the surviving spouse, the number of calendar months after September 30, 1950, in the taxable year of the surviving spouse, and the total number of calendar months in the taxable year of the surviving spouse.

(f) *Credits against tax.* In the case of a taxpayer subject to the provisions of section 108 (e), any credit against the tax otherwise imposed by sections 11, 12, and 400, such as the credit for taxes paid to a foreign country or possession of the United States under section 131, shall be deducted from, and any limitation in such credit shall be based upon, the tax computed under section 108 (e). However, in those instances in which an individual taxpayer computes a tentative tax under section 108 (e) by taking into account the optional standard deduction under section 23 (aa), the following credits shall not be allowed: All credits under section 131 with respect to taxes of foreign countries and possessions, and all credits with respect to taxes withheld at the source under section 143 (a), relating to interest on tax-free covenant bonds.

§ 29.108-5 *Computation of tax of corporations for taxable years beginning before July 1, 1950, and ending after June 30, 1950 (other than the calendar year 1950)*—(a) *In general.* For a taxable year beginning before July 1, 1950, and ending after June 30, 1950 (other than the calendar year 1950), the normal tax and surtax imposed by sections 13, 14, and 15 upon corporations shall be computed under section 108 (f), as added by the Revenue Act of 1950 and as amended by the Excess Profits Tax Act of 1950 and the Revenue Act of 1951.

(b) *Taxable years beginning before July 1, 1950, and ending after June 30, 1950, and before April 1, 1951.* For a taxable year beginning before July 1, 1950, and ending after June 30, 1950, and before April 1, 1951 (other than the calendar year 1950), the normal tax and surtax of a corporation shall be an amount equal to the sum of:

(1) That portion of a tentative tax under section 108 (f) (1), computed under the provisions of sections 13 (b) (3), 14, and 15 (b) (3), applicable to taxable years beginning on June 1, 1950 (for applicable rates, see paragraph (d) of this section), which the number of days prior to July 1, 1950, in the taxable year of the taxpayer bears to the total number of days in such taxable year, and

(2) That portion of a tentative tax under section 108 (f) (2) consisting of:

(i) A tentative normal tax of 25 percent of the normal-tax net income, plus

(ii) A tentative surtax of 20 percent of the surtax net income in excess of \$25,000,

which the number of days after June 30, 1950, in the taxable year of the taxpayer bears to the total number of days in such taxable year.

(c) *Taxable years beginning before July 1, 1950, and ending after March 31, 1951.* For a taxable year beginning before July 1, 1950, and ending after March 31, 1951, the normal tax and surtax of a corporation shall be an amount equal to the sum of:

(1) That portion of a tentative tax under section 108 (f) (1), computed under the provisions of sections 13 (b) (3), 14, and 15 (b) (3), applicable to taxable years beginning on June 1, 1950 (for applicable rates, see paragraph (d) of this section), which the number of days prior to July 1, 1950, in the taxable year of the taxpayer bears to the total number of days in such taxable year, and

(2) That portion of a tentative tax under section 108 (f) (2) consisting of:

(i) A tentative normal tax of 25 percent of the normal-tax net income, plus

(ii) A tentative surtax of 20 percent of the surtax net income in excess of \$25,000,

which the number of days after June 30, 1950, and before April 1, 1951, in the taxable year of the taxpayer bears to the total number of days in such taxable year, and

(3) That portion of a tentative tax under section 108 (f) (3) consisting of:

(i) A tentative normal tax of 30 percent of the normal-tax net income, plus

(ii) A tentative surtax of 20 percent of the surtax net income in excess of \$25,000,

which the number of days after March 31, 1951, in the taxable year of the taxpayer bears to the total number of days in such taxable year.

(d) *Rates applicable under section 108 (f) (1)—(1) Normal tax.* The tentative normal tax under section 108 (f) (1) of a corporation, other than a foreign corporation, is computed upon its normal-tax net income at the rates prescribed by section 13 or 14, which are as follows:

(i) If the normal-tax net income is not in excess of \$5,000, 15 percent of the amount thereof;

(ii) If the normal-tax net income is in excess of \$5,000 but not in excess of \$20,000, \$750 plus 17 percent of the amount of such income in excess of \$5,000;

(iii) If the normal-tax net income is in excess of \$20,000 but not in excess of \$25,000, \$3,300 plus 19 percent of such income in excess of \$20,000;

(iv) If the normal-tax net income is in excess of \$25,000 but not in excess of \$50,000, \$4,250 plus 31 percent of such income in excess of \$25,000; or

(v) If the normal-tax net income is in excess of \$50,000, 24 percent of the entire amount thereof.

The tentative normal tax under section 108 (f) (1) of a foreign corporation engaged in trade or business within the United States is computed upon its normal-tax net income at the rate of 24 percent as prescribed by section 14.

(2) *Surtax.* The tentative surtax under section 108 (f) (1) of a corpora-

tion, other than a foreign corporation not engaged in trade or business within the United States, is computed upon its corporation surtax net income at the rates prescribed by section 15, which are as follows:

(i) If the corporation surtax net income is not in excess of \$25,000, 6 percent of the amount thereof;

(ii) If the corporation surtax net income is in excess of \$25,000 but not in excess of \$50,000, \$1,500 plus 22 percent of the amount of such income in excess of \$25,000; or

(iii) If the corporation surtax net income is in excess of \$50,000, 14 percent of the entire amount thereof.

(e) *Computation of normal-tax net income and corporation surtax net income in special cases—(1) In general.* In computing the tentative taxes under section 108 (f) (1), (2), and (3), the amount of the net income and the amount of the adjusted net income of the corporation are not recomputed and remain unchanged. However, the credits provided in section 26 (b), (h), and (i) may differ in computing the several tentative taxes. Thus, in the case of a Western Hemisphere trade corporation, or a public utility corporation which has paid dividends on its preferred stock with respect to which the credit for dividends paid provided in section 26 (h) is allowable, or any corporation which has received dividends on the preferred stock of a domestic public utility corporation with respect to which the credit provided in section 26 (h) is allowable to the distributing corporation, the amount of the normal-tax net income and the amount of the corporation surtax net income for one tentative tax computation differ from such amounts for any other tentative tax computation. Moreover, in the case of any corporation which has a taxable year ending after March 31, 1951, and which has received dividends on the stock of a foreign corporation with respect to which the credit provided in section 26 (b) (3) is allowable, the amount of the normal-tax net income and the amount of the corporation surtax net income for the third tentative tax computation differ from such amounts for the first and second tentative tax computations. See subparagraphs (2), (3), (4), and (5) of this paragraph.

(2) *Western Hemisphere trade corporations.* In the case of a Western Hemisphere trade corporation, its tentative tax under section 108 (f) (1) is computed only on its normal-tax net income, since a Western Hemisphere trade corporation is not subject to surtax under the law applicable (without regard to section 108) to a taxable year beginning on June 1, 1950, and the credit provided in section 26 (i) is not applicable in determining its normal-tax net income for the purpose of the computation of the first tentative tax. The normal-tax net income and corporation surtax net income of a Western Hemisphere trade corporation are determined, for the purpose of the tentative tax computation under section 108 (f) (2), with the allowance of the 31-percent credit provided in section 26 (i) applicable to a taxable year beginning on July 1, 1950, without regard

to the amendment of section 26 (i) made by the Excess Profits Tax Act of 1950, and, for the purpose of the tentative tax computation under section 108 (f) (3), with the allowance of the 27-percent credit provided in section 26 (i) applicable to a taxable year beginning on April 1, 1951.

(3) *Public utilities paying dividends on preferred stock.* In the case of a public utility corporation which has paid dividends on its preferred stock with respect to which the credit for dividends paid provided in section 26 (h) is allowable, its normal-tax net income is determined, for the purpose of the tentative tax computation under section 108 (f) (1), without regard to the credit provided in section 26 (h), and its corporation surtax net income is determined, for such purpose, with the allowance of the credit provided in section 26 (h) applicable to a taxable year beginning on June 1, 1950. The normal-tax net income and corporation surtax net income of such a public utility corporation are determined, for the purpose of the tentative tax computation under section 108 (f) (2), with the allowance of the 31-percent credit provided in section 26 (h) applicable to a taxable year beginning on July 1, 1950, without regard to the amendment of section 26 (h) made by the Excess Profits Tax Act of 1950, and, for the purpose of the tentative tax computation under section 108 (f) (3), with the allowance of the 27-percent credit provided in section 26 (h) applicable to a taxable year beginning on April 1, 1951.

(4) *Corporations receiving dividends on preferred stock of public utility.* In the case of any corporation which has received dividends on the preferred stock of a domestic public utility corporation with respect to which the credit provided in section 26 (h) is allowable to the distributing corporation, its normal-tax net income is determined, for the purpose of the tentative tax computation under section 108 (f) (1), with the allowance of the 85-percent credit provided in section 26 (b) with respect to such dividends received, and its corporation surtax net income is determined, for such purpose, without regard to any credit provided in section 26 (b) with respect to such dividends received. The normal-tax net income and corporation surtax net income of such a corporation are determined for the purpose of the tentative tax computation under section 108 (f) (2), with the allowance of the 59-percent credit provided in section 26 (b) (2) with respect to such dividends received, and, for the purpose of the tentative tax computation under section 108 (f) (3), with the allowance of the 62-percent credit provided in section 26 (b) (2) with respect to such dividends received.

(5) *Corporations receiving dividends from foreign corporation.* In the case of any corporation which has a taxable year ending after March 31, 1951, and which has received dividends on the stock of a foreign corporation with respect to which the credit provided in section 26 (b) (3) is allowable, its normal-tax net income and corporation

surtax net income are determined, for the purpose of the tentative tax computations under section 108 (f) (1) and (2), without regard to the credit provided in section 26 (b) (3), and, for the purpose of the tentative tax computation under section 108 (f) (3), with the allowance of the credit provided in section 26 (b) (3).

(f) *Classes of corporations excluded from operation of section 108 (f).* The provisions of section 108 (f) do not apply to an insurance company subject to Supplement G, a regulated investment company subject to Supplement Q, or a foreign corporation not engaged in trade or business within the United States.

(g) *Short taxable years.* The provisions of section 108 (f) apply to a taxable year beginning before July 1, 1950, and ending after June 30, 1950 (other than the calendar year 1950), whether or not such taxable year is one of less than 12 months. In the case of a taxpayer which is subject to the provisions of section 108 (f) and which because of a change in accounting period has a taxable year of less than 12 months, the net income shall be placed on an annual basis under the provisions of section 47 (c) (1) for the purpose of each tentative tax computation under section 108 (f), or shall be computed under the exception in section 47 (c) (2) for the purpose of each such tentative tax computation. Regardless of the method adopted, the amounts of the tentative normal tax and surtax so computed upon the basis of 12 months' income shall be properly reduced under section 47 (c) in order to determine the tentative taxes under section 108 (f). However, in the case of a taxpayer which is subject to the provisions of section 108 (f) and which because of any reason other than a change in accounting period has a taxable year of less than 12 months, the net income for the purpose of section 108 (f) shall not be placed on an annual basis under section 47 (c) (1) and shall not be computed under the exception in section 47 (c) (2).

(h) *Alternative tax under section 117 (c).* In any case in which a taxpayer subject to the provisions of section 108 (f) has an excess of net long-term capital gains over net short-term capital losses, the alternative tax under section 117 (c) shall be an amount equal to the sum of the proper portions of the tentative taxes determined under section 108 (f), by computing each such tentative tax pursuant to the alternative tax computation provided in section 117 (c), regardless of whether any tentative tax so computed on the alternative basis is larger or smaller than the tentative tax computed without regard to section 117 (c).

(i) *Credits against tax.* In the case of a taxpayer subject to the provisions of section 108 (f), any credit against the tax otherwise imposed by sections 13, 14, and 15, such as the credit for taxes paid to a foreign country or possession of the United States under section 131, shall be deducted from, and any limitation in such credit shall be based upon, the tax computed under section 108 (f).

(j) *Examples.* This section may be illustrated by the following examples:

Example (1). The A Corporation, a domestic corporation (which is neither a public utility referred to in section 26 (h) nor a Western Hemisphere trade corporation referred to in section 26 (i)), makes its income tax returns on the basis of a fiscal year ending May 31. For the fiscal year which began June 1, 1950, and ended May 31, 1951, the A Corporation had net income of \$100,000, which did not include any interest on United States obligations or dividends on stock of foreign corporations. The net income includes cash dividends received from a domestic corporation other than a public utility (allowable as a credit under section 26 (b) (1)) in the amount of \$10,000, and cash dividends received from a domestic public utility corporation on its preferred stock (with respect to which a credit is allowable to the public utility under section 26 (h)) in the amount of \$5,000. The normal tax and surtax of the A Corporation for its fiscal year ended May 31, 1951, are \$22,771.50 and \$12,713.21, respectively, computed as follows:

(i) *Computation of tentative taxes provided in section 108 (f) (1).*

NORMAL TAX	
1. Net income.....	\$100,000.00
2. Less credit under sec. 26 (b) (1) for dividends received from domestic corporations (85 percent of \$15,000).....	12,750.00
3. Normal-tax net income.....	87,250.00
4. Normal tax (24 percent of item 3).....	20,940.00

SURTAX	
5. Net income.....	\$100,000.00
6. Less credit under sec. 26 (b) (1) for dividends received from domestic corporation other than dividends with respect to which credit is allowable under sec. 26 (h) (85 percent of \$10,000).....	8,500.00
7. Corporation surtax net income.....	91,500.00
8. Surtax (14 percent of item 7).....	12,810.00

(ii) *Computation of tentative taxes provided in section 108 (f) (2).*

NORMAL TAX AND SURTAX	
9. Net income.....	\$100,000.00
10. Less credit under sec. 26 (b) (1) for dividends received from domestic corporation other than dividends with respect to which credit is allowable under sec. 26 (h) (85 percent of \$10,000).....	\$8,500.00
11. Less credit under sec. 26 (b) (2) for dividends received with respect to which credit is allowable under sec. 26 (h) (59 percent of \$5,000).....	2,950.00
12. Normal-tax net income and corporation surtax net income.....	11,450.00
13. Normal tax (25 percent of item 12).....	22,137.50
14. Surtax (20 percent of \$63,550, the excess of \$88,550 over \$25,000).....	12,710.00

(iii) *Computation of tentative taxes provided in section 108 (f) (3).*

NORMAL TAX AND SURTAX	
15. Net income.....	\$100,000.00
16. Less credit under sec. 26 (b) (1) (85 percent of \$10,000).....	\$8,500.00
17. Less credit under sec. 26 (b) (2) (62 percent of \$5,000).....	3,100.00
18. Normal-tax net income and corporation surtax net income.....	11,600.00
19. Normal tax (30 percent of item 18).....	26,520.00
20. Surtax (20 percent of \$63,400, the excess of \$88,400 over \$25,000).....	12,680.00

(iv) *Computation of normal tax and surtax for fiscal year ended May 31, 1951.*

21. Number of days in taxable year prior to July 1, 1950.....	30
22. Number of days in taxable year after June 30, 1950, and before Apr. 1, 1951.....	274
23. Number of days in taxable year after Mar. 31, 1951.....	61
24. Total number of days in taxable year.....	365

NORMAL TAX

25. Tentative normal tax computed in (i).....	\$20,940.00	
26. 30/365ths of \$20,940.....		\$1,721.10
27. Tentative normal tax computed in (ii).....	\$22,137.50	
28. 274/365ths of \$22,137.50.....		16,618.29
29. Tentative normal tax computed in (iii).....	\$26,520.00	
30. 61/365ths of \$26,520.....		4,432.11
31. Total normal tax.....	22,771.50	

SURTAX

32. Tentative surtax computed in (i).....	\$12,810.00	
33. 30/365ths of \$12,810.....		\$1,052.88
34. Tentative surtax computed in (ii).....	\$12,710.00	
35. 274/365ths of \$12,710.....		9,541.21
36. Tentative surtax computed in (iii).....	\$12,680.00	
37. 61/365ths of \$12,680.....		2,119.12
38. Total surtax.....	12,713.21	

Example (2). The facts are the same as in example (1), above, except that the taxable year is the fiscal year which began April 1, 1950, and ended March 31, 1951. The normal tax and surtax of the A Corporation for such fiscal year are computed only under paragraphs (1) and (2) of section 108 (f), since paragraph (3) of such section is not applicable to a taxable year which ended before April 1, 1951. Its normal tax and surtax for the fiscal year ended March 31, 1951, are \$21,838.95 and \$12,734.94, respectively. The tentative normal tax and tentative surtax under section 108 (f) (1) and (2) are computed as set forth in (i) and (ii) of example (1). The normal tax and surtax of the A Corporation are further computed as follows:

1. Number of days in taxable year prior to July 1, 1950.....	91
2. Number of days in taxable year after June 30, 1950.....	274
3. Total number of days in taxable year.....	365

NORMAL TAX

4. Tentative normal tax as computed in (i) of example (1).....	\$20,940.00
5. 91/365ths of \$20,940.....	\$5,220.66
6. Tentative normal tax as computed in (ii) of example (1).....	\$22,137.50
7. 274/365ths of \$22,137.50.....	16,618.29
8. Total normal tax.....	21,838.95

SURTAX

9. Tentative surtax as computed in (i) of example (1).....	\$12,810.00
10. 91/365ths of \$12,810.....	\$3,193.73
11. Tentative surtax as computed in (ii) of example (1).....	\$12,710.00
12. 274/365ths of \$12,710.....	9,541.21
13. Total surtax.....	12,734.94

§ 29.108-6 Computation of tax of corporations for taxable years beginning after June 30, 1950, and before April 1, 1951, and ending after March 31, 1951 (other than the calendar year 1951).

(a) *General rule.* For a taxable year beginning after June 30, 1950, and before April 1, 1951, and ending after March 31, 1951 (other than the calendar year 1951), the normal tax and surtax imposed by sections 13 and 15 upon corporations shall be computed under section 108 (g), as added by the Revenue Act of 1950 and as amended by the Revenue Act of 1951. The tax shall be an amount equal to the sum of:

(1) That portion of a tentative tax under section 108 (g) (1), computed under the provisions of sections 13 (b) (1) and 15 (b) (1), applicable to taxable years beginning on July 1, 1950, which the number of days prior to April 1, 1951, in the taxable year of the taxpayer bears

to the total number of days in such taxable year, and

(2) That portion of a tentative tax under section 108 (g) (2), computed under the provisions of section 13 (b) (2) and 15, applicable to taxable years beginning on April 1, 1951, which the number of days after March 31, 1951, in the taxable year of the taxpayer bears to the total number of days in such taxable year.

The tentative normal taxes under section 108 (g) (1) and (2) of a corporation are computed upon its normal-tax net income at the rates of 25 percent and 30 percent, respectively. The tentative surtaxes under section 108 (g) (1) and (2) of a corporation are computed upon its corporation surtax net income in excess of \$25,000 at the rate of 22 percent. See, however, section 15 (c) and § 29.15-2 as to the circumstances under which the \$25,000 exemption from surtax may be disallowed, in whole or in part, in the computation of the tentative surtax under section 108 (g) (2).

(b) *Computation of normal-tax net income and corporation surtax net income in special cases.*—(1) *In general.* In computing the tentative taxes under section 108 (g) (1) and (2), the amount of the net income and the amount of the adjusted net income of the corporation are not recomputed and remain unchanged. However, the credits provided in section 26 (b), (h), and (i) may differ in computing the several tentative taxes. Thus, in the case of a Western Hemisphere trade corporation, or a public utility corporation which has paid dividends on its preferred stock with respect to which the credit for dividends paid provided in section 26 (h) is allowable, or any corporation which has received dividends on the preferred stock of a domestic public utility corporation with respect to which the credit provided in section 26 (h) is allowable to the distributing corporation, or any corporation which has received dividends on the stock of a foreign corporation with respect to which the credit provided in section 26 (b) (3) is allowable, the amount of the normal-tax net income and the amount of the corporation surtax net income for the first tentative tax computation differ from such amounts for the second tentative tax computation. See subparagraphs (2), (3), (4), and (5) of this paragraph.

(2) *Western Hemisphere trade corporations.* In the case of a Western Hemisphere trade corporation, its normal-tax net income and corporation surtax net income are determined, for the purpose of the tentative tax computation under section 108 (g) (1), with the allowance of the 30-percent credit provided in section 26 (i) applicable to a taxable year beginning on July 1, 1950, and, for the purpose of the tentative tax computation under section 108 (g) (2), with the allowance of the 27-percent credit provided in section 26 (i) applicable to a taxable year beginning on April 1, 1951.

(3) *Public utilities paying dividends on preferred stock.* In the case of a pub-

lie utility corporation which has paid dividends on its preferred stock with respect to which the credit for dividends paid provided in section 26 (h) is allowable, its normal-tax net income and corporation surtax net income are determined, for the purpose of the tentative tax computation under section 108 (g) (1), with the allowance of the 30-percent credit provided in section 26 (h) applicable to a taxable year beginning on July 1, 1950, and, for the purpose of the tentative tax computation under section 108 (g) (2), with the allowance of the 27-percent credit provided in section 26 (h) applicable to a taxable year beginning on April 1, 1951.

(4) *Corporations receiving dividends on preferred stock of public utility.* In the case of any corporation which has received dividends on the preferred stock of a domestic public utility corporation with respect to which the credit provided in section 26 (h) is allowable to the distributing corporation, its normal-tax net income and corporation surtax net income are determined, for the purpose of the tentative tax computation under section 108 (g) (1), with the allowance of the 59-percent credit provided in section 26 (b) (2) with respect to such dividends received, and, for the purpose of the tentative tax computation under section 108 (g) (2), with the allowance of the 62-percent credit provided in section 26 (b) (2) with respect to such dividends received.

(5) *Corporations receiving dividends from foreign corporation.* In the case of any corporation which has received dividends on the stock of a foreign corporation with respect to which the credit provided in section 26 (b) (3) is allowable, its normal-tax net income and corporation surtax net income are determined, for the purpose of the tentative tax computation under section 108 (g) (1), without regard to the credit provided in section 26 (b) (3), and, for the purpose of the tentative tax computation under section 108 (g) (2), with the allowance of the credit provided in section 26 (b) (3).

(c) *Classes of corporations excluded from operation of section 108 (g).* The provisions of section 108 (g) do not apply to an insurance company subject to Supplement G, a regulated investment company subject to Supplement Q, or a foreign corporation not engaged in trade or business within the United States.

(d) *Short taxable years.* The provisions of section 108 (g) apply to a taxable year beginning after June 30, 1950, and before April 1, 1951, and ending after March 31, 1951 (other than the calendar year 1951), whether or not such taxable year is one of less than 12 months. In the case of a taxpayer which is subject to the provisions of section 108 (g) and which because of a change in accounting period has a taxable year of less than 12 months, the net income shall be placed on an annual basis under the provisions of section 47 (c) (1) for the purpose of both tentative tax computations under section 108 (g), or shall be computed under the exception in section 47 (c) (2) for the purpose of both such tentative tax computations. Regardless of the method adopted, the amounts of the

tentative normal tax and surtax so computed upon the basis of 12 months' income shall be properly reduced under section 47 (c) in order to determine the tentative taxes under section 108 (g). However, in the case of a taxpayer which is subject to the provisions of section 108 (g) and which because of any reason other than a change in accounting period has a taxable year of less than 12 months, the net income for the purpose of section 108 (g) shall not be placed on an annual basis under section 47 (c) (1) and shall not be computed under the exception in section 47 (c) (2).

(e) *Alternative tax under section 117 (c).* In any case in which a taxpayer subject to the provisions of section 108 (g) has an excess of net long-term capital gains over net short-term capital losses, the alternative tax under section 117 (c) shall be an amount equal to the sum of the proper portions of the tentative taxes determined under section 108 (g), by computing each such tentative tax pursuant to the alternative tax computation provided in section 117 (c), regardless of whether either tentative tax so computed on the alternative basis is larger or smaller than the tentative tax computed without regard to section 117 (c).

(f) *Credits against tax.* In the case of a taxpayer subject to the provisions of section 108 (g), any credit against the tax otherwise imposed by sections 13 and 15, such as the credit for taxes paid to a foreign country or possession of the United States under section 131, shall be deducted from, and any limitation in such credit shall be based upon, the tax computed under section 108 (g).

(g) *Example.* This section may be illustrated by the following example:

Example. The A Corporation, a domestic corporation (which is neither a public utility referred to in section 26 (h) nor a Western Hemisphere trade corporation referred to in section 26 (i)), makes its income tax returns on the basis of a fiscal year ending June 30. For the fiscal year which began July 1, 1950, and ended June 30, 1951, the A Corporation had net income of \$100,000, which did not include any interest on United States obligations or dividends on stock of foreign corporations. The net income includes cash dividends received from a domestic corporation other than a public utility (allowable as a credit under section 26 (b) (1)) in the amount of \$10,000, and cash dividends received from a domestic public utility corporation on its preferred stock (with respect to which a credit is allowable to the public utility under section 26 (h)) in the amount of \$5,000. The normal tax and surtax of the A Corporation for its fiscal year ended June 30, 1951, are \$23,230.13 and \$13,972.78, respectively, computed as follows:

(i) Computation of tentative taxes provided in section 108 (g) (1).	
NORMAL TAX AND SURTAX	
1. Net income.....	\$100,000.00
2. Less credit under sec. 26 (b) (1) for dividends received from domestic corporation other than dividends with respect to which credit is allowable under sec. 26 (h) (85 percent of \$10,000).....	\$8,500.00
3. Less credit under section 26 (b) (2) for dividends received with respect to which credit is allowable under sec. 26 (h) (59 percent of \$5,000).....	2,950.00
	11,450.00
4. Normal-tax net income and corporation surtax net income.....	88,550.00

NORMAL TAX AND SURTAX—continued

5. Normal tax (25 percent of item 4).....	22,137.50
6. Surtax (22 percent of \$63,590, the excess of \$88,550 over \$25,000).....	13,981.00

(ii) Computation of tentative taxes provided in section 108 (g) (2).

NORMAL TAX AND SURTAX	
7. Net income.....	\$100,000.00
8. Less credit under sec. 26 (b) (1) (85 percent of \$10,000).....	\$8,500.00
9. Less credit under sec. 26 (b) (2) (62 percent of \$5,000).....	3,100.00
	11,600.00
10. Normal-tax net income and corporation surtax net income.....	88,400.00
11. Normal tax (30 percent of item 10).....	26,520.00
12. Surtax (22 percent of \$63,400, the excess of \$88,400 over \$25,000).....	13,948.00

(iii) Computation of normal tax and surtax for fiscal year ended June 30, 1951.

13. Number of days in taxable year prior to Apr. 1, 1951.....	274
14. Number of days in taxable year after Mar. 31, 1951.....	91
15. Total number of days in taxable year.....	365

NORMAL TAX	
16. Tentative normal tax computed in (i).....	\$22,137.50
17. 274/365ths of \$22,137.50.....	\$16,618.29
18. Tentative normal tax computed in (ii).....	\$26,520.00
19. 91/365ths of \$26,520.....	6,611.84
20. Total normal tax.....	23,230.13

SURTAX	
21. Tentative surtax computed in (i).....	\$13,981.00
22. 274/365ths of \$13,981.....	\$10,495.33
23. Tentative surtax computed in (ii).....	\$13,948.00
24. 91/365ths of \$13,948.....	3,477.45
25. Total surtax.....	13,972.78

§ 29.108-7 *Computation of tax of individuals for taxable years beginning before November 1, 1951, and ending after October 31, 1951 (other than the calendar year 1951)*—(a) *General rule.* For a taxable year beginning before November 1, 1951, and ending after October 31, 1951 (other than the calendar year 1951), the normal tax, surtax, optional tax, and Supplement U normal tax and surtax imposed by sections 11, 12, 400, and 421 (a) (2) upon taxpayers other than corporations shall be computed under section 108 (h), as added by the Revenue Act of 1951. The tax shall be an amount equal to the sum of:

(1) That portion of a tentative tax under section 108 (h) (1), computed under the provisions of sections 11 and 12, section 400, or section 421 (a) (2), applicable to taxable years beginning on October 1, 1951, which the number of calendar months prior to November 1, 1951, in the taxable year of the taxpayer bears to the total number of calendar months in such taxable year, and

(2) That portion of a tentative tax under section 108 (h) (2), computed under the provisions of sections 11 and 12, section 400, or section 421 (a) (2), other than the provisions of such sections relating to a head of a household, applicable to taxable years beginning on November 1, 1951, which the number of calendar months after October 31, 1951, in the taxable year of the taxpayer bears to the total number of calendar months in such taxable year.

For the purpose of section 108 (h) and this section, a calendar month only part of which falls within the taxable year (i) shall be disregarded if less than 15 days of such month are included in such taxable year, and (ii) shall be included as a calendar month within the taxable year if more than 14 days of such month fall within the taxable year.

(b) *Estates, trusts, and nonresident alien individuals.* The provisions of section 108 (h) apply to estates, trusts, and nonresident alien individuals subject to tax under sections 11 and 12 and to trusts described in section 421 (b) (2) which are subject to tax under section 421 (a) (2). However, the provisions of section 108 (h) do not apply to a trust described in section 421 (b) (2) in the case of a taxable year of such trust which began before January 1, 1951.

(c) *Short taxable years.* The provisions of section 108 (h) apply to a taxable year beginning before November 1, 1951, and ending after October 31, 1951 (other than the calendar year 1951), whether or not such taxable year is one of less than 12 months. In the case of a taxpayer who is subject to the provisions of section 108 (h) and who because of a change in accounting period has a taxable year of less than 12 months, the net income shall be placed on an annual basis under the provisions of section 47 (c) (1) for the purpose of both tentative tax computations under section 108 (h), or shall be computed under the exception in section 47 (c) (2) for the purpose of both such tentative tax computations. Regardless of the method adopted, the amounts of the tentative normal tax and surtax so computed upon the basis of 12 months' income shall be properly reduced under section 47 (c) in order to determine the tentative taxes under section 108 (h). However, in the case of a taxpayer who is subject to the provisions of section 108 (h) and who because of any reason other than a change in accounting period has a taxable year of less than 12 months, the net income shall not be placed on an annual basis under section 47 (c) (1) and shall not be computed under the exception in section 47 (c) (2).

(d) *Alternative tax under section 117 (c).* In any case in which a taxpayer subject to the provisions of section 108 (h) has an excess of net long-term capital gains over net short-term capital losses, the alternative tax under section 117 (c) shall be an amount equal to the sum of the proper portions of the tentative taxes determined under section 108 (h), by computing each such tentative tax pursuant to the alternative tax computation provided in section 117 (c), regardless of whether either tentative tax so computed on the alternative basis is larger or smaller than the tentative tax computed without regard to section 117 (c).

(e) *Certain joint returns.* If a joint return of a husband and wife is filed under the provisions of section 51 (b) (3), if the husband and wife have different taxable years solely because of the death of either spouse, and if the taxable year of the surviving spouse covered by such joint return is a period which began before November 1, 1951, and ended after

October 31, 1951 (other than the calendar year 1951), the number of calendar months to be taken into account for the purpose of computing the portions of the tentative tax under section 108 (h) (1) and (2) shall be the number of calendar months prior to November 1, 1951, in the taxable year of the surviving spouse, the number of calendar months after October 31, 1951, in the taxable year of the surviving spouse, and the total number of calendar months in the taxable year of the surviving spouse.

(f) *Credits against tax.* In the case of a taxpayer subject to the provisions of section 108 (h), any credit against the tax otherwise imposed by sections 11, 12, 400, and 421 (a) (2), such as the credit for taxes paid to a foreign country or possession of the United States under section 131, shall be deducted from, and any limitation in such credit shall be based upon, the tax computed under section 108 (h). However, in those instances in which an individual taxpayer computes a tentative tax under section 108 (h) by taking into account the optional standard deduction under section 23 (aa), the following credits shall not be allowed: All credits under section 131 with respect to taxes of foreign countries and possessions, and all credits with respect to taxes withheld at the source under section 143 (a), relating to interest on tax-free covenant bonds.

§ 29.108-8 *Computation of tax of individuals for taxable years beginning in 1953 and ending in 1954—(a) General rule.* For a taxable year beginning in 1953 and ending in 1954, the normal tax, surtax, optional tax, and Supplement U normal tax and surtax, imposed by sections 11, 12, 400, and 421 (a) (2) upon taxpayers other than corporations, shall be computed under section 108 (j), as added by the Revenue Act of 1951. The tax shall be an amount equal to the sum of:

(1) That portion of a tentative tax under section 108 (j) (1), computed under the provisions of sections 11 and 12, section 400, or section 421 (a) (2), applicable to taxable years beginning on January 1, 1953, which the number of calendar months prior to January 1, 1954, in the taxable year of the taxpayer bears to the total number of calendar months in such taxable year, and

(2) That portion of a tentative tax under section 108 (j) (2), computed under the provisions of sections 11 and 12, section 400, or section 421 (a) (2), applicable to taxable years beginning on January 1, 1954, which the number of calendar months after December 31, 1953, in the taxable year of the taxpayer bears to the total number of calendar months in such taxable year.

For the purpose of section 108 (j) and this section, a calendar month only part of which falls within the taxable year (i) shall be disregarded if less than 15 days of such month are included in such taxable year, and (ii) shall be included as a calendar month within the taxable year if more than 14 days of such month fall within the taxable year.

(b) *Estates, trusts, and nonresident alien individuals.* The provisions of section 108 (j) apply to estates, trusts, and

nonresident alien individuals subject to tax under sections 11 and 12 and to trusts described in section 421 (b) (2) which are subject to tax under section 421 (a) (2).

(c) *Short taxable years.* The provisions of section 108 (j) apply to a taxable year beginning in 1953 and ending in 1954, whether or not such taxable year is one of less than 12 months. In the case of a taxpayer who is subject to the provisions of section 108 (j) and who because of a change in accounting period has a taxable year of less than 12 months, the net income shall be placed on an annual basis under the provisions of section 47 (c) (1) for the purpose of both tentative tax computations under section 108 (j), or shall be computed under the exception in section 47 (c) (2) for the purpose of both such tentative tax computations. Regardless of the method adopted, the amounts of the tentative normal tax and surtax so computed upon the basis of 12 months' income shall be properly reduced under section 47 (c) in order to determine the tentative taxes under section 108 (j). However, in the case of a taxpayer who is subject to the provisions of section 108 (j) and who because of any reason other than a change in accounting period has a taxable year of less than 12 months, the net income shall not be placed on an annual basis under section 47 (c) (1) and shall not be computed under the exception in section 47 (c) (2).

(d) *Alternative tax under section 117 (c).* In any case in which a taxpayer subject to the provisions of section 108 (j) has an excess of net long-term capital gains over net short-term capital losses, the alternative tax under section 117 (c) shall be an amount equal to the sum of the proper portions of the tentative taxes determined under section 108 (j), by computing each such tentative tax pursuant to the alternative tax computation provided in section 117 (c), regardless of whether either tentative tax so computed on the alternative basis is larger or smaller than the tentative tax computed without regard to section 117 (c).

(e) *Certain joint returns.* If a joint return of a husband and wife is filed under the provisions of section 51 (b) (3), if the husband and wife have different taxable years solely because of the death of either spouse, and if the taxable year of the surviving spouse covered by such joint return is a period which begins in 1953 and ends in 1954, the number of calendar months to be taken into account for the purpose of computing the portions of the tentative tax under section 108 (j) (1) and (2) shall be the number of calendar months prior to January 1, 1954, in the taxable year of the surviving spouse, the number of calendar months after December 31, 1953, in the taxable year of the surviving spouse, and the total number of calendar months in the taxable year of the surviving spouse.

(f) *Credits against tax.* In the case of a taxpayer subject to the provisions of section 108 (j), any credit against the tax otherwise imposed by sections 11, 12, 400, and 421 (a) (2), such as the credit

for taxes paid to a foreign country or possession of the United States under section 131, shall be deducted from, and any limitation in such credit shall be based upon, the tax computed under section 108 (j). However, in those instances in which an individual taxpayer computes a tentative tax under section 108 (j) by taking into account the optional standard deduction under section 23 (aa), the following credits shall not be allowed: All credits under section 131 with respect to taxes of foreign countries and possessions, and all credits with respect to taxes withheld at the source under section 143 (a), relating to interest on tax-free covenant bonds.

§ 29.108-9 Computation of tax of corporations for taxable years beginning before April 1, 1954, and ending after March 31, 1954—(a) General rule. For a taxable year beginning before April 1, 1954, and ending after March 31, 1954 (including the calendar year 1954), the normal tax, surtax, and Supplement U normal tax and surtax imposed by sections 13, 15, and 421 (a) (1) upon corporations shall be computed under section 108 (k), as added by the Revenue Act of 1951. The tax shall be an amount equal to the sum of:

(1) That portion of a tentative tax under section 108 (k) (1), computed under the provisions of sections 13 (b) (2) and 15, or section 421 (a) (1), applicable to taxable years beginning on January 1, 1953, which the number of days prior to April 1, 1954, in the taxable year of the taxpayer bears to the total number of days in such taxable year, and

(2) That portion of a tentative tax under section 108 (k) (2), computed under the provisions of sections 13 (b) (3) and 15 (b), or section 421 (a) (1), applicable to taxable years beginning on April 1, 1954, which the number of days after March 31, 1954, in the taxable year of the taxpayer bears to the total number of days in such taxable year.

The tentative normal taxes under section 108 (k) (1) and (2) of a corporation are computed at the rates of 30 percent and 25 percent, respectively, upon its normal-tax net income or upon its Supplement U net income, in the case of a corporation subject to tax under Supplement U. The tentative surtaxes under section 108 (k) (1) and (2) of a corporation are computed upon its corporation surtax net income or Supplement U net income, as the case may be, in excess of \$25,000 at the rate of 22 percent. See, however, section 15 (c) and § 29.15-2 as to the circumstances under which the \$25,000 exemption from surtax may be disallowed, in whole or in part, in the computation under section 108 (k) (1) of the tentative surtax under section 15 for a taxable year beginning before July 1, 1953.

(b) Computation of normal-tax net income and corporation surtax net income in special cases—(1) In general. In computing the tentative taxes under section 108 (k) (1) and (2), the amount of the net income and the amount of the adjusted net income of the corporation are not recomputed and remain un-

changed. However, the credits provided in section 26 (b), (h), and (i) may differ in computing the several tentative taxes. Thus, in the case of a Western Hemisphere trade corporation, or a public utility corporation which has paid dividends on its preferred stock with respect to which the credit for dividends paid provided in section 26 (h) is allowable, or any corporation which has received dividends on the preferred stock of a domestic public utility corporation with respect to which the credit provided in section 26 (h) is allowable to the distributing corporation, the amount of the normal-tax net income and the amount of the corporation surtax net income for the first tentative tax computation differ from such amounts for the second tentative tax computation. See subparagraphs (2), (3), and (4) of this paragraph.

(2) Western Hemisphere trade corporations. In the case of a Western Hemisphere trade corporation, its normal-tax net income and corporation surtax net income are determined, for the purpose of the tentative tax computation under section 108 (k) (1), with the allowance of the 27-percent credit provided in section 26 (i) applicable to a taxable year beginning on January 1, 1953, and, for the purpose of the tentative tax computation under section 108 (k) (2), with the allowance of the 30-percent credit provided in section 26 (i) applicable to a taxable year beginning on April 1, 1954.

(3) Public utilities paying dividends on preferred stock. In the case of a public utility corporation which has paid dividends on its preferred stock with respect to which the credit for dividends paid provided in section 26 (h) is allowable, its normal-tax net income and corporation surtax net income are determined, for the purpose of the tentative tax computation under section 108 (k) (1), with the allowance of the 27-percent credit provided in section 26 (h) applicable to a taxable year beginning on January 1, 1953, and, for the purpose of the tentative tax computation under section 108 (k) (2), with the allowance of the 30-percent credit provided in section 26 (h) applicable to a taxable year beginning on April 1, 1954.

(4) Corporations receiving dividends on preferred stock of public utility. In the case of any corporation which has received dividends on the preferred stock of a domestic public utility corporation with respect to which the credit provided in section 26 (h) is allowable to the distributing corporation, its normal-tax net income and corporation surtax net income are determined, for the purpose of the tentative tax computation under section 108 (k) (1), with the allowance of the 62-percent credit provided in section 26 (b) (2) with respect to such dividends received, and, for the purpose of the tentative tax computation under section 108 (k) (2), with the allowance of the 59-percent credit provided in section 26 (b) (2) with respect to such dividends received.

(c) Classes of corporations excluded from operation of section 108 (k). The provisions of section 108 (k) do not apply to an insurance company subject to Sup-

plement G, a regulated investment company subject to Supplement Q, or a foreign corporation not engaged in trade or business within the United States other than such a corporation subject to Supplement U.

(d) Short taxable years. The provisions of section 108 (k) apply to a taxable year beginning before April 1, 1954, and ending after March 31, 1954, whether or not such taxable year is one of less than 12 months. In the case of a taxpayer which is subject to the provisions of section 108 (k) and which because of a change in accounting period has a taxable year of less than 12 months, the net income shall be placed on an annual basis under the provisions of section 47 (c) (1) for the purpose of both tentative tax computations under section 108 (k), or shall be computed under the exception in section 47 (c) (2) for the purpose of both such tentative tax computations. Regardless of the method adopted, the amounts of the tentative normal tax and surtax so computed upon the basis of 12 months' income shall be properly reduced under section 47 (c) in order to determine the tentative taxes under section 108 (k). However, in the case of a taxpayer which is subject to the provisions of section 108 (k) and which because of any reason other than a change in accounting period has a taxable year of less than 12 months, the net income for the purpose of section 108 (k) shall not be placed on an annual basis under section 47 (c) (1) and shall not be computed under the exception in section 47 (c) (2).

(e) Alternative tax under section 117 (c). In any case in which a taxpayer subject to the provisions of section 108 (k) has an excess of net long-term capital gains over net short-term capital losses, the alternative tax under section 117 (c) shall be an amount equal to the sum of the proper portions of the tentative taxes determined under section 108 (k), by computing each such tentative tax pursuant to the alternative tax computation provided in section 117 (c), regardless of whether either tentative tax so computed on the alternative basis is larger or smaller than the tentative tax computed without regard to section 117 (c).

(f) Credits against tax. In the case of a taxpayer subject to the provisions of section 108 (k), any credit against the tax otherwise imposed by sections 13, 15, and 421 (a) (1), such as the credit for taxes paid to a foreign country or possession of the United States under section 131, shall be deducted from, and any limitation in such credit shall be based upon, the tax computed under section 108 (k).

(g) Example. This section may be illustrated by the following example:

Example. The A Corporation, a domestic corporation (which is neither a public utility referred to in section 26 (h) nor a Western Hemisphere trade corporation referred to in section 26 (i), and which is not subject to tax under Supplement U), makes its income tax returns on the basis of the calendar year. For the calendar year 1954, the A Corporation has net income of \$100,000, which does not include any interest on United States obligations or dividends on

stock of foreign corporations. The net income includes cash dividends received from a domestic corporation other than a public utility (allowable as a credit under section 26 (b) (1)) in the amount of \$10,000, and cash dividends received from a domestic public utility corporation on its preferred stock (with respect to which a credit is allowable to the public utility under section 26 (h)) in the amount of \$5,000. The normal tax and surtax of the A Corporation for the calendar year 1954 are \$23,218.12 and \$13,972.86, respectively, computed as follows:

(i) Computation of tentative taxes provided in section 108 (k) (1).

NORMAL TAX AND SURTAX

1. Net income	\$100,000.00
2. Less credit under sec. 26 (b) (1) for dividends received from domestic corporation other than dividends with respect to which credit is allowable under sec. 26 (h) (85 percent of \$10,000)	\$8,500.00
3. Less credit under sec. 26 (b) (2) for dividends received with respect to which credit is allowable under sec. 26 (h) (62 percent of \$5,000)	3,100.00
	11,600.00
4. Normal-tax net income and corporation surtax net income	88,400.00
5. Normal tax (30 percent of item 4)	26,520.00
6. Surtax (22 percent of \$63,400, the excess of \$88,400 over \$25,000)	13,948.00

(ii) Computation of tentative taxes provided in section 108 (k) (2).

NORMAL TAX AND SURTAX

7. Net income	\$100,000.00
8. Less credit under sec. 26 (b) (1) (85 percent of \$10,000)	\$8,500.00
9. Less credit under sec. 26 (b) (2) (59 percent of \$5,000)	2,950.00
	11,450.00
10. Normal-tax net income and corporation surtax net income	88,550.00
11. Normal tax (25 percent of item 10)	22,137.50
12. Surtax (22 percent of \$63,550, the excess of \$88,550 over \$25,000)	13,981.00

(iii) Computation of normal tax and surtax for calendar year 1954.

13. Number of days in taxable year prior to Apr. 1, 1954	90
14. Number of days in taxable year after Mar. 31, 1954	275
15. Total number of days in taxable year	365

NORMAL TAX

16. Tentative normal tax computed in (i)	\$26,520.00
17. 90/365ths of \$26,520	\$6,539.18
18. Tentative normal tax computed in (ii)	\$22,137.50
19. 275/365ths of \$22,137.50	16,678.94
20. Total normal tax	23,218.12

SURTAX

21. Tentative surtax computed in (i)	\$13,948.00
22. 90/365ths of \$13,948	\$3,439.23
23. Tentative surtax computed in (ii)	\$13,981.00
24. 275/365ths of \$13,981	10,533.63
25. Total surtax	13,972.86

PAR. 4. There is inserted immediately preceding § 40.430-1 the following:

SEC. 131. FISCAL YEAR TAXPAYERS (REVENUE ACT OF 1951, APPROVED OCTOBER 20, 1951).

(b) Computation of excess profits tax. Subsection (b) of section 430 (relating to computation of excess profits tax in the case of certain taxable years) is hereby amended to read as follows:

(b) Certain taxable years beginning before 1951—(1) Taxable years ending before April 1, 1951. In the case of a taxable year

beginning before July 1, 1950, and ending after June 30, 1950, and before April 1, 1951, the tax imposed by subsection (a) shall be an amount equal to that portion of a tentative tax computed under the provisions of subsection (a) applicable to taxable years ending on December 31, 1950, which the number of days in such taxable year after June 30, 1950, bears to the total number of days in such taxable year.

(2) Taxable years ending after March 31, 1951. In the case of a taxable year (other than a taxable year beginning on January 1, 1951, and ending on December 31, 1951) beginning before April 1, 1951, and ending after March 31, 1951, the tax imposed by subsection (a) shall be an amount equal to the sum of—

(A) That portion of a tentative tax, computed under the provisions of subsection (a) applicable to taxable years ending on December 31, 1950, which the number of days in such taxable year after June 30, 1950, and before April 1, 1951, bears to the total number of days in such taxable year, plus

(B) That portion of a tentative tax, computed under the provisions of subsection (a) applicable to taxable years beginning on April 1, 1951, which the number of days in such taxable year after March 31, 1951, bears to the total number of days in such taxable year.

PAR. 5. Section 40.430-2 (b) is amended to read as follows:

(b) Taxable years beginning before April 1, 1951 (other than the calendar year 1951)—(1) Taxable years beginning before July 1, 1950, and ending after June 30, 1950, and before April 1, 1951. In the case of any taxable year which begins before July 1, 1950, and ends after June 30, 1950, and before April 1, 1951 (including the calendar year 1950), the excess profits tax will be an amount which is proportionate to the part of the year falling after June 30, 1950. The tax will be an amount equal to that portion of a tentative tax, computed under the provisions of section 430 (a) and paragraph (a) of this section applicable to the taxable year, which the number of days in the taxable year after June 30, 1950, bears to the total number of days in such year. Thus, in the case of the calendar year 1950, the tax will be 184/365ths of the tentative tax computed under paragraph (a) (1) (i) and (ii) and (2) of this section. In computing the tentative tax under section 430 (b) (1) and this paragraph for a taxable year other than the calendar year 1950, the tax which would be imposed under sections 13, 14, and 15 shall, for purposes of section 430 (a) (2) (A) and of paragraph (a) (1) (ii) of this section, be determined subject to the provisions of section 108 (f) (1) and (2), relating to fiscal year taxpayers, and subject to the provisions of section 141 (c), relating to consolidated returns, if applicable.

(2) Taxable years beginning before April 1, 1951, and ending after March 31, 1951 (other than the calendar year 1951). In the case of any taxable year which begins before April 1, 1951, and ends after March 31, 1951 (other than the calendar year 1951), the excess profits tax will be an amount equal to the sum of:

(i) That portion of a tentative tax, computed under the provisions of sec-

tion 430 (a) and paragraph (a) of this section applicable to taxable years ending before April 1, 1951, which the number of days in the taxable year after June 30, 1950, and before April 1, 1951, bears to the total number of days in such year, and

(ii) That portion of a tentative tax, computed under the provisions of section 430 (a) and paragraph (a) of this section applicable to taxable years beginning on April 1, 1951, which the number of days in the taxable year after March 31, 1951, bears to the total number of days in such year.

In computing the tentative tax under section 430 (b) (2) (A) and subdivision (i) of this subparagraph, the tax which would be imposed under sections 13, 14, and 15 shall, for purposes of section 430 (a) (2) (A) and of paragraph (a) (1) (ii) of this section, be determined subject to the provisions of section 108 (f) or (g), whichever is applicable to the taxable year, and subject to the provisions of section 141 (c), relating to consolidated returns, if applicable.

(53 Stat. 32, 467; 26 U. S. C. 82, 3791)

[SEAL]

JOHN S. GRAHAM,
Acting Commissioner of
Internal Revenue.

Approved: December 29, 1952.

THOMAS J. LYNCH,
Acting Secretary of the Treasury.

[F. R. Doc. 53-53; Filed, Jan. 5, 1953;
8:45 a. m.]

TITLE 31—MONEY AND FINANCE: TREASURY

Chapter I—Monetary Offices, Department of the Treasury

[1953 Dept. Circular 1]

PART 129—VALUES OF FOREIGN MONETIES

QUARTER BEGINNING JANUARY 1, 1953

JANUARY 1, 1953.

§ 129.16 Calendar year, 1953—(a) Quarter beginning January 1, 1953. Pursuant to section 522, Title IV, of the Tariff Act of 1930, reenacting section 25 of the act of August 27, 1894, as amended, the following estimates by the Director of the Mint of the values of foreign monetary units are hereby proclaimed to be the values of such units in terms of the money of account of the United States that are to be followed in estimating the value of all foreign merchandise exported to the United States during the quarter beginning January 1, 1953, expressed in any such foreign monetary units: *Provided, however*, That if no such value has been proclaimed, or if the value so proclaimed varies by 5 per centum or more from a value measured by the buying rate in the New York market at noon on the day of exportation, conversion shall be made at a value measured by such buying rate as determined and certified by the Federal Reserve Bank of New York and published by the Secretary of the Treasury pursuant to the provisions of section 522, Title IV, of the Tariff Act of 1930.

[The value of foreign monetary units, as shown below in terms of United States money, is the ratio between the legal gold content of the foreign unit and the legal gold content of the United States dollar. It should be noted that this value, with respect to most countries, varies widely from the present exchange rates. Countries not having a legally defined gold monetary unit, or those for which current information is not available, are omitted.]

Country	Monetary unit	Value in terms of U. S. money	Remarks
Colombia	Peso	\$0.5128	Monetary Law No. 90 of Dec. 16, 1948, effective Dec. 18, 1948, content of peso 0.50637 gram of gold 9/10 fine. Obligation to sell gold suspended Sept. 24, 1931.
Costa Rica	Colon	.1781	Parity of 0.158267 fine gram gold established by decree law effective Mar. 22, 1947.
Denmark	Krone	.4537	Conversion of notes into gold suspended Sept. 29, 1931.
Dominican Republic	Peso	1.0000	By monetary Law No. 1528 effective Oct. 9, 1947, gold content of peso equal to 0.88971 gram fine.
Ethiopia	Dollar	.4025	New unit established by Proclamation of the Emperor on May 25, 1945, effective July 23, 1945.
Finland	Markka	.0426	Conversion of notes into gold suspended Oct. 12, 1931.
Guatemala	Quetzal	1.0000	Decree No. 203 of Dec. 10, 1945, defined the monetary unit as 15 5/21 grains gold 9/10 fine. Conversion of notes into gold suspended Mar. 6, 1933.
Haiti	Gourde	.2000	National bank notes redeemable on demand in U. S. dollars.
Hungary	Forint	.0852	New unit based on 13,210 forint per kilogram fine gold, effective July 1946.
Peru	Sol	.4740	Conversion of notes into gold suspended May 18, 1932; exchange control established Jan. 23, 1945.
Philippines	Peso	.5000	International value according to the Central Bank Act approved June 15, 1948. Exchange control established.
Sweden	Krona	.4537	Conversion of notes into gold suspended Sept. 29, 1931.
Union of Soviet Socialist Republics	Ruble	.2500	By decree of Council of Ministers ruble equal to 0.222168 fine gram gold, effective Mar. 1, 1960.
Uruguay	Peso	.6583	Present gold content of 0.585018 gram fine established by law of Jan. 18, 1938. Conversion of notes into gold suspended Aug. 2, 1914; exchange control established Sept. 7, 1931.
Venezuela	Bolivar	.3207	Exchange control established Dec. 12, 1936.

(Sec. 522, 46 Stat. 739; 31 U. S. C. 372)

[SEAL]

JOHN S. GRAHAM,
Acting Secretary of the Treasury.

[F. R. Doc. 53-78; Filed, Jan. 5, 1953; 8:50 a. m.]

TITLE 32A—NATIONAL DEFENSE, APPENDIX

Chapter III—Office of Price Stabilization, Economic Stabilization Agency

[Ceiling Price Regulation 30, Amdt. 43]

CPR 30—MACHINERY AND RELATED MANUFACTURED GOODS

INGOT MOLDS AND STOOLS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161, and Economic Stabilization Agency General Order No. 2, this Amendment 43 to Ceiling Price Regulation 30 is hereby issued.

STATEMENT OF CONSIDERATIONS

Appendix A to Ceiling Price Regulation (CPR) 30 lists "molds and patterns" among the products covered by that regulation. The literal meaning of this term includes ingot molds and stools although these products were not intended to be covered by CPR 30. Ingot molds and stools are cast from pig iron and are covered by CPR 60 on Castings.

To avoid confusion, this amendment removes ingot molds and stools from the coverage of CPR 30.

In view of the clarifying nature of this amendment, consultation with industry representatives, including trade association representatives, has not been found practicable.

AMENDATORY PROVISION

Appendix A to Ceiling Price Regulation 30 is amended by adding at the end of the item "molds and patterns" the following: "except ingot molds and stools."

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This Amendment 43 to Ceiling Price Regulation 30 is effective January 5, 1953.

JOSEPH H. FREEHILL,
Director of Price Stabilization.

JANUARY 5, 1953.

[F. R. Doc. 53-151; Filed, Jan. 5, 1953; 11:28 a. m.]

[Ceiling Price Regulation 30, Supplementary Regulation 3, Amdt. 5]

CPR 30—MACHINERY AND RELATED MANUFACTURED GOODS

SR 3—OPTIONAL POSTPONEMENT OF EFFECTIVE DATE FOR MANUFACTURERS OF CERTAIN COMMODITIES

INGOT MOLDS AND STOOLS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161, and Economic Stabilization Agency General Order No. 2, this Amendment 5 to Ceiling Price Regulation 30, Supplementary Regulation 3, is hereby issued.

STATEMENT OF CONSIDERATIONS

Section 1 (b) (12) of Supplementary Regulation (SR) 3 to Ceiling Price Regulation (CPR) 30 lists "foundry molds and patterns" among the products as to which the manufacturer has the option to come under CPR 30. "Foundry molds and patterns" are molds and patterns which are used to produce castings. They fall under the broader category of "molds and patterns" which term is used in Appendix A of CPR 30 listing

the products under the coverage of CPR 30.

Amendment 43 to CPR 30, which is being issued simultaneously with this amendment, clarifies the term "molds and patterns" as used in Appendix A of CPR 30 by excepting from its coverage "ingot molds and stools" because ingot molds and stools are castings covered by CPR 60. They are not generally regarded as foundry molds since they are not used to produce castings.

To make it clear that ingot molds and stools can under no conditions be priced under CPR 30, or the General Ceiling Price Regulation, this amendment similarly explains the item "foundry molds and patterns" listed in section 1 (b) (12) of SR 3 to CPR 30.

In view of the clarifying nature of this amendment, consultation with industry representatives, including trade association representatives, has not been found practicable.

AMENDATORY PROVISION

Section 1 (b) of Supplementary Regulation 3 to Ceiling Price Regulation 30 is amended by adding to item (12), after the words "foundry molds and patterns", the following: "(This term does not include ingot molds and stools.)"

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This Amendment 5 to Supplementary Regulation 3 to Ceiling Price Regulation 30 is effective January 5, 1953.

JOSEPH H. FREEHILL,
Director of Price Stabilization.

JANUARY 5, 1953.

[F. R. Doc. 53-152; Filed, Jan. 5, 1953; 11:28 a. m.]

Chapter XXI—Office of Rent Stabilization, Economic Stabilization Agency

[Rent Regulation 1, Amdt. 35 to Schedule B]

[Rent Regulation 2, Amdt. 35 to Schedule B]

RR 1—HOUSING

RR 2—ROOMS IN ROOMING HOUSES AND OTHER ESTABLISHMENTS

SCHEDULE B—SPECIFIC PROVISIONS

PENNSYLVANIA

Effective January 5, 1953, Rent Regulation 1 and Rent Regulation 2 are amended as set forth below.

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Sup. 1894)

Issued this 2d day of January 1953.

JAMES MCI. HENDERSON,
Director of Rent Stabilization.

1. Item 81 is added to Schedule B of Rent Regulation 1, reading as follows:

81. Provisions relating to Cumberland, Dauphin and Perry Counties, Pennsylvania, portions of the Harrisburg Defense-Rental Area (Item 262 of Schedule A). With respect to housing accommodations in Cumberland, Dauphin and Perry Counties, Pennsylvania, section 141 of this regulation is changed to read as follows:

SEC. 141. *Alternate adjustment for increases in costs and prices.* (a) The housing accommodation had a maximum rent in effect on December 7, 1952, and the present maximum rent for the housing accommodation does not equal (1) 130 percent of the maximum rent in effect on June 30, 1947, or 130 percent of the maximum rent for comparable housing accommodations on June 30, 1947, if no maximum rent was in effect on that date; (2) plus or minus any increases or decreases in maximum rent ordered after June 30, 1947 under this regulation for major capital improvements or increases or decreases in living space, services, furniture, furnishings or equipment or substantial deterioration. The adjustment under this section 141 (a) shall be in an amount sufficient to cause the maximum rent to equal (1) 130 percent of the maximum rent in effect on June 30, 1947, for the housing accommodations or comparable housing accommodations whichever is applicable; (2) plus or minus appropriate increases or decreases in rental value, if any, as specified herein: *Provided, however,* That the Director shall give appropriate consideration to orders issued under section 157 or 162 decreasing rents which were in effect on June 30, 1947. Adjustments under this section 141 (a) shall be effective automatically upon the filing of the petition if a maximum rent was in effect on June 30, 1947. In all other cases, they shall not be effective until the order is issued by the Director.

(b) The housing accommodation had a maximum rent in effect on June 30, 1947, and did not have a maximum rent in effect on December 7, 1952, and the present maximum rent does not equal (1) 130 percent of the

maximum rent in effect on June 30, 1947, (2) plus any increase in rental value because of a major capital improvement or an increase in services, furniture, furnishings, or equipment which occurred after June 30, 1947, (3) minus any decrease in rental value because of any decrease in services, furniture, furnishings, or equipment required by the rent regulations on June 30, 1947, or because of a substantial deterioration. The adjustment under this section 141 (b) shall be in an amount sufficient to cause the maximum rent to equal (1) 130 percent of the maximum rent in effect on June 30, 1947, (2) plus or minus appropriate increases or decreases in rental value, if any, heretofore specified.

All provisions of this regulation insofar as they are applicable to the Harrisburg Defense-Rental Area are amended to the extent necessary to carry into effect the provisions of this Item of Schedule B.

2. Item 87 is added to Schedule B of Rent Regulation 2—Rooms, reading as follows:

87. *Provisions relating to Cumberland, Dauphin and Perry Counties, Pennsylvania, portions of the Harrisburg Defense-Rental Area. (Item 262 of Schedule A).* With respect to housing accommodations in Cumberland, Dauphin and Perry Counties, Pennsylvania, section 138 is added to read as follows:

SEC. 138. *Alternate adjustment for increases in costs and prices.* The room had a

maximum rent in effect on December 7, 1952, and the present maximum rent for the room does not equal (1) 130 percent of the maximum rent in effect on June 30, 1947, or 130 percent of the maximum rent for comparable rooms on June 30, 1947, if no maximum rent was in effect on that date; (2) plus or minus any increases or decreases in maximum rent ordered after June 30, 1947, under this regulation for major capital improvements or increases or decreases in living space, services, furniture, furnishings or equipment or substantial deterioration. The adjustment under this section shall be in an amount sufficient to cause the maximum rent to equal (1) 130 percent of the maximum rent in effect on June 30, 1947, for the room or comparable rooms, whichever is applicable; (2) plus or minus appropriate increases or decreases in rental value, if any, as specified herein: *Provided, however,* That the Director shall give appropriate consideration to orders issued under section 157 or 160 decreasing maximum rents which were in effect on June 30, 1947. Adjustments under this section shall be effective automatically upon the filing of the petition if a maximum rent was in effect on June 30, 1947. In all other cases, they shall not be effective until the order is issued by the Director. All provisions of this regulation insofar as they are applicable to the Harrisburg Defense-Rental Area are amended to the extent necessary to carry into effect the provisions of this item of Schedule B.

[F. R. Doc. 53-121; Filed, Jan. 5, 1953; 9:05 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

[7 CFR Part 27]

COTTON CLASSIFICATION UNDER UNITED STATES COTTON FUTURES ACT

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given that the Secretary of Agriculture, pursuant to the authority contained in the provisions of the Internal Revenue Code (53 Stat. 210; 26 U. S. C. 1920-35) derived from the United States Cotton Futures Act (39 Stat. 476) as amended, is considering the following amendments to the regulations under said provisions (7 CFR 27.1 through 27.107, as amended).

1. Section 27.82 would be amended to read:

§ 27.82 *Fees; review of classification.* For the review of the classification of any cotton, the fee shall be 35 cents per bale, which shall cover the review and any expense incident to forwarding and returning samples or other additional expense connected therewith, whether the review classification is performed by the Appeal Board of Review Examiners at Washington, D. C., or by a committee of such Board functioning in the field.

2. The headnote and text of § 27.87 would be amended to read:

§ 27.87 *Fees; classification information.* Whenever the person who requests

the classification of cotton, or the person on whose behalf such request is made, shall also request the transmission by telegraph or telephone of information concerning such classification, the person making the request for the classification shall pay in addition to the applicable costs prescribed in this subpart the cost of tolls incurred in such transmission.

3. Section 27.90 would be amended to provide that bills for payment of fees and expenses for services under the regulations shall be rendered as soon as practicable after the last day of each month for the amounts of such fees and expenses then due and unpaid, except when earlier submission of a bill is deemed necessary.

4. Section 27.2 (a) would be amended to read:

(a) *The act.* The provisions of the Internal Revenue Code (53 Stat. 210; 26 U. S. C. 1920-1935) derived from the United States Cotton Futures Act (39 Stat. 476) as amended.

5. Sections 27.3 and 27.4 would be amended by deleting therefrom the phrase "as amended".

6. Section 27.7 would be amended by deleting the phrase "section 6A" and substituting therefor the phrase "section 1923".

7. Section 27.8 would be amended by deleting the phrase "United States Cotton Futures Act" and substituting therefor the word "act".

8. Section 27.86 would be amended by deleting the phrase "section 5" and substituting therefor the phrase "paragraph 1922 (a)".

9. Section 27.95 would be amended by deleting the phrase "section 6, 7, and 8" and substituting therefor the phrase "paragraphs 1922 (c) and 1929 (c), and section 1927".

10. Section 27.97 would be amended by deleting the phrase "sections 5 and 6" and substituting therefor the phrase "section 1922".

11. Wherever in §§ 27.2, 27.3, 27.4, 27.5, 27.7, 27.31, 27.42, 27.43, 27.44, 27.45, 27.47, 27.52, 27.53, 27.62, 27.63, 27.65, 27.71, 27.73, 27.84, 27.94, and 27.99, the phrase "Section 5" or "section 5" appears, it would be deleted and the phrase "Section 1922" or "section 1922" respectively, would be substituted therefor.

12. Wherever in §§ 27.94 and 27.99 the phrase "section 6" appears, it would be deleted and the phrase "paragraph 1922 (c)" would be substituted therefor.

The amendments listed above would revise the fees charged for the review of classification of cotton and the transmission of classification information to cover more nearly the costs of rendering such services and modify the regulation relative to rendition of bills for services under the regulations. The amendments would also change present references in the regulations to sections of the United States Cotton Futures Act as amended, to the corresponding sections of the Internal Revenue Code derived

from said act and make minor incidental changes.

Any interested person who wishes to submit written data, views, or arguments concerning the proposed amendments, may do so by filing them with the Director, Cotton Branch, Production and Marketing Administration, United States Department of Agriculture, Washington 25, D. C., not later than 20 days after publication of this notice in the *FEDERAL REGISTER*.

Done at Washington, D. C., this 31st day of December 1952.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 53-80; Filed, Jan. 5, 1953;
8:50 a. m.]

[7 CFR Part 55]

SAMPLING, GRADING, GRADE LABELING, AND SUPERVISION OF PACKAGING OF EGGS AND EGG PRODUCTS

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given that the U. S. Department of Agriculture is considering the issuance, as hereinafter proposed, of an amendment to the regulations governing the sampling, grading, grade labeling and supervision of packaging of eggs and egg products (7 CFR Part 55), pursuant to the authority contained in the Department of Agriculture Appropriation Act, 1953 (Pub. Law 451; 82d Cong.; approved July 5, 1952). The proposed amendment will increase the fees for laboratory analyses of egg products and also increase the fees charged for grading shell eggs. The legislation authorizing the performance of these services provides that they be operated on a self-supporting basis and it has been determined that the increased fees which are set forth herein are necessary in order to defray the increased costs in rendering the services.

All persons who desire to submit written data, views, or arguments in connection with this amendment should file the same in triplicate with the Chief of the Marketing Services Division, Poultry Branch, Production and Marketing Administration, United States Department of Agriculture, Room 2099 South Building, Washington 25, D. C., not later than the thirtieth day following publication of this notice in the *FEDERAL REGISTER*.

The proposed amendment is as follows:
1. Change paragraph (a) *Shell eggs*, of § 55.43 *Egg grading and inspection fees*, to read as follows:

(a) <i>Shell eggs</i> .	
For 10 packages or less.....	\$1.80
For 11 to 25 packages, inclusive.....	3.00
For 26 to 50 packages, inclusive.....	3.60
For 51 to 100 packages, inclusive.....	5.50
For 101 to 200 packages, inclusive.....	7.50
For 201 to 300 packages, inclusive.....	9.00
For 301 to 400 packages, inclusive.....	11.00
For 401 to 600 packages, inclusive.....	15.00
For each additional 100 packages, or fraction thereof, in excess of 600 packages.....	1.80

2. Change § 55.44 *Fees for laboratory analyses*, to read as follows:

§ 55.44 *Fees for laboratory analyses.* (a) For each of the following laboratory analyses the fee referable thereto shall be applicable except as otherwise stated in paragraph (b) of this section:

(1) <i>Dried whole eggs.</i>	
Solids	\$1.50
Fat	2.50
Solubility	.75
Palatability and odor, first sample.....	1.50
Each additional sample.....	.60

(2) <i>Dried yolks.</i>	
Solids	\$1.50
Fat	2.50
Solubility	.75
Palatability and odor, first sample.....	1.50
Each additional sample.....	.60
Sugar	3.50

(3) <i>Dried albumen.</i>	
Solids	\$1.50
Particle size	.75
Whipping test	1.00
Meringue	1.50

(4) <i>Frozen whole eggs.</i>	
Solids	\$1.50
Fat	2.50

(5) <i>Frozen whites.</i>	
Fat	\$2.50
Whipping test	1.00
Solids	1.50
Meringue	1.50

(6) <i>Frozen yolk.</i>	
Solids	\$1.50
Fat	2.50
Sugar	3.50

(7) *Bacteriological analyses and specified determinations with respect to products listed in subparagraphs (1) through (6) of this paragraph.*

Bacteriological plate count.....	\$1.50
Bacteriological direct count.....	1.50
E. Coll. (Presumptive).....	1.80
Salt	6.00
Color	1.50

(b) Other fees for specified individual tests and services: The fees specified in this paragraph are applicable for individual tests for one factor only on a particular sample of egg products.

Bacteriological plate count.....	\$1.75
Bacteriological direct count.....	1.50
Yeast and mold count.....	1.50
Presumptive E. Coll.....	2.00
Sediment	1.00
Extraneous material.....	2.00
Color	1.75
pH	.75
Palatability	1.50
Presumptive coliform count (solid media)	1.80

3. Change § 55.33 *Who may be licensed* to read as follows:

§ 55.33 *Who may be licensed.* (a) Any person who is a Federal or State employee possessing proper qualifications as determined by an examination for competency and who is to perform service pursuant to this part may be licensed by the Secretary as a grader, inspector, sampler, or supervisor of packaging.

(b) Any prospective licensee other than a Federal or State employee possessing proper qualifications as determined by an examination for competency and who is to perform service pursuant to this part may be licensed by the Secre-

tary as a grader, inspector, sampler, or supervisor of packaging. However, prior to the granting of the license he shall procure and deliver to the Administration a surety bond, issued by such surety as may be approved by the Administrator, in the amount of \$1,000 for the proper performance of the duties of such licensee under this part.

(c) All licenses issued by the Secretary shall be countersigned by the officer in charge of the poultry grading and inspection service of the Administration or by any other official of such service designated by him.

4. Change § 55.41 *Fees for additional copies of grading certificates* to read as follows:

§ 55.41 *Fees for additional copies of grading certificates.* Additional copies of any grading certificates, other than those provided for in § 55.20, may be supplied to any interested party upon payment of a fee of \$1.50 for each set of five, or fewer copies.

Issued at Washington, D. C., this 31st day of December 1952.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 53-84; Filed, Jan. 5, 1953;
8:52 a. m.]

[7 CFR Ch. IX]

[Docket No. AO-242]

HANDLING OF MILK IN NORTH CENTRAL TRI-STATE MARKETING AREA

NOTICE OF POSTPONEMENT OF HEARING ON PROPOSED MARKETING AGREEMENT AND ORDER

Notice is hereby given that the hearing on a proposed marketing agreement and order to regulate the handling of milk in the North Central Tri-State marketing area originally scheduled to begin at 10:00 a. m., c. s. t., February 24, 1953 (17 F. R. 10266; 10975) in the Council Chambers, City Hall, Rochester, Minnesota, is hereby postponed until March 24, 1953, at 10:00 a. m., c. s. t., in the Council Chambers, City Hall, Rochester, Minnesota.

Done at Washington, D. C., this 30th day of December 1952.

[SEAL] ROY W. LENNARTSON,
Assistant Administrator.

[F. R. Doc. 53-58; Filed, Jan. 5, 1953;
8:46 a. m.]

[7 CFR Part 932]

[Docket Nos. 5 AO-33-A-19, A-20]

HANDLING OF MILK IN FORT WAYNE, INDIANA, MARKETING AREA

NOTICE OF RECOMMENDED DECISION AND OPPORTUNITY TO FILE WRITTEN EXCEPTIONS WITH RESPECT TO A PROPOSED AMENDMENT TO TENTATIVE MARKETING AGREEMENT, AND TO ORDER, AS AMENDED

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.),

and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given of the filing with the Hearing Clerk of the recommended decision of the Assistant Administrator, Production and Marketing Administration, United States Department of Agriculture, with respect to a proposed amendment to the tentative marketing agreement and to the order, as amended, regulating the handling of milk in the Fort Wayne, Indiana, marketing area. Interested parties may file written exceptions to this decision with the Hearing Clerk, United States Department of Agriculture, Washington 25, D. C., not later than the close of business the 10th day after publication of this decision in the FEDERAL REGISTER. Exceptions should be filed in quadruplicate.

Preliminary statement. A hearing was conducted at Fort Wayne, Indiana, on May 5, 1952, pursuant to notice thereof which was issued on April 29, 1952 (17 F. R. 3859). On August 13, 1952, a hearing was held to receive additional evidence on all of the proposed amendments considered at the May 5 hearing and to receive evidence on certain other proposed amendments not considered at the May 5 hearing. Notice of the hearing held on August 13 was issued on August 6, 1952 (17 F. R. 7304).

The material issues presented on the record of the two hearings relate to:

1. The distribution among producers of the amounts which handlers are required to pay for milk;
2. The pricing of Class I milk; and
3. Payments on other source milk.

Findings and conclusions. The following findings and conclusions are based upon the evidence submitted at the hearings and the records thereof.

Distribution of proceeds. No change should be made in the method of distributing among producers the amounts which handlers are required to pay for milk. All such amounts should continue to be uniformly distributed among all producers supplying the market. This is commonly known as market-wide pooling.

At the May hearing proposals were considered which would require that the amounts to be paid by each handler for milk be uniformly distributed among all of the producers supplying such handler. This is commonly known as individual handler pooling. The proponents and supporters of individual handler pooling in the May hearing testified in the August hearing that market conditions had changed from May to August to the extent that individual handler pooling was neither necessary nor desirable. There is no evidence in the record to show that a change in the method of distributing proceeds from the sale of milk among producers would result in any more orderly marketing of milk or any more stable market conditions; therefore, it is concluded that no change should be made.

Class I pricing. The amounts to be added to the basic formula price (prior to application of the supply-demand adjustment) in determining the Class I

price per hundredweight of milk should be as follows:

January, February, March, July, August, and September	\$1.20
April, May, and June	.80
October, November, and December	1.65

These amounts represent increases over the amounts presently prescribed in the order of 20 cents in each of the months of January through September and 50 cents in each of the months of October, November, and December—an annual average increase of 27 cents.

No change should be made in the method of calculating the supply-demand adjustment.

The milk supply situation for the Fort Wayne market may be critically affected by prices paid for milk by markets which obtain their supplies in areas near to the areas from which Fort Wayne obtains its supplies. If prices in these competing markets are high relative to prices in Fort Wayne, this will have a tendency to move supplies away from Fort Wayne and to the markets paying the higher prices. Conversely, lower prices in competing markets relative to prices paid in Fort Wayne would tend to increase supplies in the latter market.

During the last twelve months for which prices are shown in the record the Fort Wayne uniform prices computed pursuant to the order averaged \$4.74. (This does not include premiums paid above order prices.) During the same period dairy farmers supplying the Indianapolis market who are located where the Fort Wayne and Indianapolis supply areas overlap received prices averaging about \$5.34 per hundredweight for milk containing 4 percent of butterfat while Cleveland uniform prices averaged about \$5.18 per hundredweight (4 percent basis). In the last year the average uniform prices of 4 percent milk for the Dayton-Springfield, Toledo, and South Bend-La Porte markets have averaged \$5.40, \$5.37, and \$5.02, respectively. Moreover, average prices actually received by farmers have been somewhat higher in Cleveland, Toledo, and South Bend-La Porte because premiums over minimum prices were paid. Beginning November 1, amendments to the South Bend-La Porte and to the Cleveland orders increased Class I prices in those markets by about 25 cents and 30 cents, respectively, on an annual average basis.

If producers who delivered milk to the Fort Wayne market had actually received only the minimum prices required to be paid by the order, supplies of milk in Fort Wayne would almost certainly have been affected by the higher prices paid in markets which compete with Fort Wayne for a common milk supply. The fact is, however, that producers received considerably more than the prices specified in the order. The Class I pricing provisions were last revised in an amendment to the order which became effective on November 1, 1951. Since that date the prices which have been paid to producers supplying the Fort Wayne market have been higher in every month than the uniform prices computed pursuant to the order. These additional premiums have ranged on a monthly basis from 5 to 65 cents per

hundredweight and have averaged 36 cents per hundredweight during the period November 1951 through June 1952.

The prices, including premiums, paid in the Fort Wayne market have apparently brought forth a plentiful supply of milk because supplies in this market have been somewhat in excess of the essential needs of the market. Consequently, the minimum prices specified in the order need not be set at levels equal to those which have prevailed in the market over the past year. It is necessary, however, that the minimum prices be increased considerably in order that they will be at a level more nearly appropriate in relationship to the supply and demand situation which has prevailed in this market. Continuation of substantial premium payments for long periods in regulated markets is undesirable because such premiums may not apply, and ordinarily do not apply, equitably as among different groups of producers. Moreover, premiums which are paid as additions to uniform prices do not bear equally upon all handlers in terms of the cost of Class I milk for the handler with a relatively high percentage of Class II milk has a higher cost of Class I milk than does the handler with relatively less Class II milk. Because premiums are ordinarily inequitable as among producers and result in inequality of costs as among handlers, they are unstabilizing in a market. To the extent, therefore, that premiums are paid to achieve price levels which are necessary to maintain a desirable balance between milk supplies and sales, they should be incorporated in the level of the minimum Class I price. Moreover, because premiums may be eliminated at any time, farmers cannot base longer range plans for milk production on them. Consequently premiums are less efficient in influencing supplies of milk than are price levels which are definitely incorporated into the order. For these reasons it is desirable to incorporate into the minimum Class I price some of the premiums which have been paid. However, it is neither necessary nor desirable to raise Class I prices by the full amount of the premiums which have been paid because it appears that somewhat more than the essential needs of the market for Class I milk have actually been supplied by producers over the past year. An increase in Class I prices of about 27 cents per hundredweight on an annual basis appears necessary to obtain and maintain an appropriate balance between supplies of milk and sales in this marketing area.

The Class I price increases herein concluded to be appropriate will result in a more desirable seasonal pattern of Class I prices. Wider seasonal variation in Class I prices and the resulting wider seasonal variation in uniform prices should encourage producers to increase their deliveries of milk in October, November, and December in relation to other months. In the last year or two deliveries of producer milk in the month of highest production (May or June) have been almost double such deliveries in the month of lowest production (usually November). Seasonal variation to this extent is accompanied by serious

problems in disposing of the seasonal reserve supplies. Thus any reduction in the seasonality of deliveries of producer milk is desirable because it reduces the problems of disposing of the seasonal reserve milk supplies.

The proposal to limit to 26 cents the amount by which the supply-demand adjustment would be permitted to reduce the Class I price in any of the months of April through July should not be adopted. Proponent sought justification for this proposal by asserting that if the supply-demand adjustment were permitted to reduce the Class I price by more than 26 cents, the resulting uniform price would not be sufficiently above manufacturing milk prices to provide an incentive for producers to continue to meet the requirements of the health authorities and supply milk to the Fort Wayne market.

Analysis of the seasonality represented in the standard utilization percentages indicates that the standard utilization percentages reflect a desirable relationship between market supplies and requirements. Any departure from these percentages represents a lack of balance between market supplies and requirements and warrants a price adjustment from the levels otherwise resulting. If that departure is such as to require a price reduction in April, May, June, or July of more than 26 cents then market supplies are clearly excessive and a substantial price reduction is desirable to realign supplies with requirements.

Payments on other source milk. Handlers who receive other source milk at pool plants should be required to make payments on such other source milk only if it is disposed of on routes operated wholly or partially in the marketing area or to other pool plants or to producer-handlers and classified as Class I. Other source milk should be considered as having been so disposed of only to any extent to which the receipts of milk from producers plus the receipts of Class I producer milk from other plants is less than such dispositions of milk—in other words, Class I milk so disposed of should be considered as having been producer milk to the extent that producer milk was available for such dispositions.

At least one pool plant in the Fort Wayne market regularly receives large quantities of both producer milk and other source milk. The other source milk is used primarily in the manufacture of milk products. However, in times of extreme milk shortages some of this other source milk is sold outside of the Fort Wayne market in bulk to milk distributors serving other markets. At the present time the order requires a payment into the producer-settlement fund on this milk. Proponent claims that because of this requirement other manufacturing plants not subject to the order have a competitive advantage over him in supplying these outlets.

In most markets the health regulations prohibit a plant which is approved under the regulations from regularly receiving milk which is not produced in compliance with the health regulations; however, the regulations of the Fort Wayne health authorities are such that milk not produced in compliance with the regu-

lations may be regularly received at an approved plant, but may not be intermingled with milk produced in compliance with such regulations and distributed in the city in fluid form. Thus the health regulations will permit a handler operating an approved plant to receive and process approved milk for distribution in Fort Wayne and other milk for distribution outside of Fort Wayne.

The terms of the order are presently such that, even though the health regulations permit the handling of locally approved (producer) milk and other source milk in the same plant, the only way a handler can completely free other source milk for distribution as fluid milk outside the marketing area from regulation under the order is to establish a separate plant for the handling of such milk. The conclusion to eliminate payments on such other source milk (under the conditions herein described) was reached in recognition of the particular application of health regulations in Fort Wayne and will make the regulations imposed by the order compatible with the health regulations to the extent that capital outlay to physically segregate the handling of producer milk and other source milk will not be necessary.

Although proponent asked that this proposed removal of payments on other source milk apply only to other source milk sold in bulk form, no basis can be found for treating bulk milk and packaged milk differently in this respect.

The possibility was suggested that if payments on other source milk disposed of entirely outside of the marketing area are eliminated, all handlers might reduce their supplies of producer milk to a level where they were sufficient only to meet disposition of milk in the marketing area and acquire supplies of other source milk to supply their out-of-area disposition. This is possible; and if it results in the loss or threatened loss of sales of producer milk in areas which have historically been predominantly supplied by Fort Wayne producers then a reconsideration of the definition of the marketing area may be desirable.

General findings. (a) The proposed marketing agreement and the order, as amended, and as hereby proposed to be further amended, and all of the terms and conditions thereof will tend to effectuate the declared policy of the act;

(b) The parity prices of milk as determined pursuant to section 2 of the act are not reasonable in view of the price of feeds, available supplies of feeds and other economic conditions which affect market supply of and demand for milk, in the marketing area and the minimum prices specified in the proposed marketing agreement and the order, as amended, and as hereby proposed to be further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(c) The proposed order, as amended, and as hereby proposed to be further amended, will regulate the handling of milk in the same manner as, and will be applicable only to persons in the respective classes of industrial and commercial activity specified in a marketing

agreement upon which a hearing has been held.

Rulings on proposed findings and conclusions. The briefs filed by interested parties contained statements of fact, proposed findings and conclusions, and arguments with respect to the provisions of the proposed amendments. Every point covered in the briefs was carefully considered along with the evidence in the record in making the findings and reaching the conclusions hereinbefore set forth. To the extent that the findings and conclusions proposed in the briefs are inconsistent with the findings and conclusions contained herein, the request to make such findings or to reach such conclusions is denied on the basis of the facts found and stated in connection with the conclusions in this recommended decision.

Recommended marketing agreement and amendment to the order. The following amendment to the order is recommended as the detailed and appropriate means by which the foregoing conclusions may be carried out. The recommended marketing agreement is not included in this decision because the regulatory provisions thereof would be identical with those contained in the order, as amended, and as hereby proposed to be further amended.

1. Amend § 932.51 (a) to read as follows:

(a) Add (1) \$0.80 during each of the delivery periods of April, May, and June; (2) \$1.65 during each of the delivery periods of October, November, and December; and (3) \$1.20 during each of the other delivery periods.

2. Amend § 932.62 to read as follows:

§ 932.62 *Milk caused to be delivered by cooperative associations.* A cooperative association shall be deemed to be a handler pursuant to § 932.10 (b) (1) with respect to producer milk caused by it to be delivered to a pool plant only for the purposes of making such payments to the market administrator as are required of such association pursuant to § 932.84 (a).

3. Amend § 932.71 (a) to read as follows:

(a) Combine into one total (1) the values computed pursuant to § 932.70 for all handlers who made reports prescribed by § 932.30 except those in default of payments prescribed in § 932.84 for the preceding delivery period, and (2) the amounts computed pursuant to § 932.84 (b) and (c);

4. Amend § 932.84 to read as follows:

§ 932.84 *Payments to the producer-settlement fund.* On or before the 15th day after the end of each delivery period, handlers shall make payment to the market administrator as follows:

(a) Handlers who operated pool plants shall pay any amount by which the utilization value of producer milk received by such handler during such delivery period is greater than the value of such milk computed at the uniform price pursuant to § 932.71 adjusted by the butterfat differential provided by § 932.82: *Provided, That with respect to*

milk for which payment is made by a handler to a cooperative association pursuant to § 932.80 (b), the association, in turn, shall pay to the market administrator on or before the 16th day after the end of the delivery period, the amount by which the utilization value of such milk is greater than its value computed at the uniform price pursuant to § 932.71 adjusted by the butterfat differential provided by § 932.82.

(b) Handlers who operated pool plants and who received during such delivery period other source milk which was allocated to Class I milk pursuant to § 932.46 (a) (2) and (b) shall pay any amounts resulting from the following computations for such delivery period:

(1) Combine into separate totals for skim milk and butterfat the following:

(i) Class I milk disposed of on a route (or routes) operated wholly or partially in the marketing area from such pool plant, (ii) milk transferred or diverted from such pool plant to another pool plant and classified as Class I milk pursuant to § 932.44 (a), (iii) milk transferred or diverted from such pool plant to a producer handler, and (iv) milk at such pool plant classified as Class I milk pursuant to § 932.41 (a) (3).

(2) Combine into separate totals for skim milk and butterfat the following:

(i) Milk received at such pool plant from producers, (ii) skim milk and butterfat received at such pool plant from another pool plant and classified as Class I milk pursuant to § 932.44 (a), (iii) skim milk or butterfat at such pool plant allocated to Class I milk pursuant to § 932.46 (a) (4) or (b), and (iv) skim milk and butterfat in producer milk received from a nonpool plant operated by a cooperative association pursuant to § 932.13 and classified as Class I milk.

(3) Determine the total volume of skim milk and the total volume of butterfat in other source milk which was allocated to Class I milk pursuant to § 932.46 (a) (2) and (b).

(4) If the total volume of skim milk or the total volume of butterfat computed pursuant to subparagraph (1) of this paragraph exceeds the total volume of skim milk or the total volume of butterfat, respectively, computed pursuant to subparagraph (2) of this paragraph, payment in an amount equal to the difference between the value of such excess skim milk or butterfat computed at the Class I price and butterfat differential for such delivery period and the value of such excess skim milk or butterfat computed at the Class II price and butterfat differential for such delivery period shall be made.

(5) If the total volume of skim milk or the total volume of butterfat computed pursuant to subparagraph (2) of this paragraph exceeds the total volume of skim milk or the total volume of butterfat, respectively, computed pursuant to subparagraph (1) of this paragraph, payment shall be made with respect to the volume of any such excess skim milk or any volume of skim milk computed pursuant to subparagraph (3) of this paragraph, whichever volume is smaller, and with respect to the volume of any such excess butterfat or any volume of butterfat computed pursuant to

subparagraph (3) of this paragraph, whichever volume is smaller, in an amount equal to the difference between the value of such smaller volume of skim milk or butterfat at the Class I price and butterfat differential for such delivery period and the value of such smaller volume of skim milk or butterfat at the Class II price and butterfat differential for such delivery period.

(c) Handlers who operate nonpool plants from which milk received during such delivery period was disposed of as Class I milk on a route (or routes) operated wholly or partially within the marketing area from such plant shall pay an amount equal to the difference between the value of such milk computed at the Class I price and butterfat differential and the value of such milk computed at the Class II price and butterfat differential.

Dated: December 31, 1952.

[SEAL] ROY W. LENNARTSON,
Assistant Administrator.

[F. R. Doc. 53-83; Filed, Jan. 5, 1953;
8:52 a. m.]

[7 CFR Part 936]

FRESH BARTLETT PEARS, PLUMS, AND ELBERTA PEACHES GROWN IN CALIFORNIA

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given that the Department is considering a proposed amendment, as hereinafter set forth, of the rules and regulations (7 CFR 936.100 et seq.: Subpart—Rules and Regulations; 17 F. R. 541) currently in effect pursuant to the amended marketing agreement and Order No. 36 (7 CFR Part 936), regulating the handling of fresh Bartlett pears, plums, and Elberta peaches grown in California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.).

All persons who desire to submit written data, views, or arguments for consideration in connection with such proposed amendment should do so by forwarding the same to the Director, Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, Room 2077, South Building, Washington 25, D. C., not later than the tenth day after the publication of this notice in the FEDERAL REGISTER.

The proposed amendment of the rules and regulations has been recommended by the Control Committee—the agency established under the amended marketing agreement and order to administer the provisions thereof—and would:

a. Indicate the various kinds of peaches that are covered by the term "Elberta peaches" as used in the amended marketing agreement and order; and

b. Reapportion, as authorized in § 936.33 (k), the representation on the Elberta Peach Commodity Committee.

The proposed amendment is as follows:

1. Delete § 936.102 *Terms* and insert, in lieu thereof, the following new sections:

§ 936.102 *Elberta peaches*. "Elberta peaches" as used in this part means Regular Elbertas (also known as Rumphs, Old Elbertas, and Late Elbertas) and the following peaches, commonly referred to as strains of Elberta peaches:

(a) Early Elbertas (also known as Gleason Elbertas and Early Fays);

(b) Fay Elbertas (also known as Gold Medals and Golden Elbertas); and

(c) Burbank July Elbertas (Plant Patent No. 15) (also known as Early Elbertas, Burbank Elbertas, Burbanks, Jewels, Kim Elbertas, July Elbertas, Bodines, Brentwood Beautys, Burnetts, June Elbertas, Golden Elbertas, Mulberrys, Socalas, and California Elbertas, and by other synonyms).

§ 936.103 *Terms*. All other terms used in this subpart shall have the same meaning as when used in the marketing agreement and order.

2. Amend the provisions of § 936.117 to read as follows:

§ 936.117 *Changes in the representation of certain districts on Elberta Peach Commodity Committee*. The representation or membership on the Elberta Peach Commodity Committee is changed to provide for:

(a) Three (3) members to represent the area included in the Fresno District;

(b) Two (2) members to represent the area included in the Tulare District and Kern District;

(c) One (1) member to represent the area included in the Stanislaus District; and

(d) One (1) member to represent all of the territory in California not included in the foregoing districts.

Issued this 31st day of December 1952.

[SEAL] S. R. SMITH,
Director, Fruit and Vegetable
Branch, Production and Marketing Administration.

[F. R. Doc. 53-57; Filed, Jan. 5, 1953;
8:46 a. m.]

CIVIL AERONAUTICS BOARD

[14 CFR Parts 3, 6]

FLASHING RATES OF POSITION LIGHTS FOR PARTS 3 AND 6 TYPE AIRCRAFT

NOTICE OF PROPOSED RULE MAKING

Pursuant to authority delegated by the Civil Aeronautics Board to the Bureau of Safety Regulation, notice is hereby given that the Bureau will propose to the Board the issuance of a Special Civil Air Regulation in substance as hereinafter set forth.

Interested persons may participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should be submitted in duplicate to the Civil Aeronautics Board, attention, Bureau of Safety Regulation, Washington 25, D. C. In order to insure their consideration by the Board before taking further action on the proposed rules, communications must be received by February 2, 1953. Copies of such communications will be available after

February 4, 1953, for examination by interested persons at the Docket Section of the Board, Room 5412, Department of Commerce Building, Washington, D. C.

On December 7, 1950, the Board adopted Amendment 3-4 and a new Part 6 of the Civil Air Regulations, effective January 15, 1951, including new provisions to §§ 3.700 and 6.632 which, in part, established for flashing position lights a rate of not less than 60 nor more than 100 flashes per minute. These provisions were such as to render those flasher units not complying with the new standard ineligible for installation on aircraft types subject to compliance with Parts 3 or 6 as effective on January 15, 1951.

Recently it has come to the Bureau's attention that at least one low-cost popular type flasher unit had been approved by the Administrator prior to January 15, 1951, which did not comply in all respects with the newly adopted standard. This flasher unit met all requirements except for the upper limit flashing frequency which was 120 flashes per minute instead of 100 flashes per minute established in the new standard.

At the time these provisions were under consideration, the Bureau was unaware that there existed any approved flasher unit which did not comply with all of the requirements of the adopted standards.

The Bureau has received reports that the manufacturer of this unit is seriously considering terminating production of this model since it cannot be installed on newly certificated aircraft. In order to assure the availability of this popular unit for the immediate future, the Bureau proposes to promulgate a special regulation to permit for a limited time the use of previously approved flasher units on new aircraft types. The Bureau does not believe that safety would be jeopardized by this course of action, but instead would be enhanced by assuring availability, even though the flashing rate of this unit is slightly higher than standard.

Accordingly, therefore, it is proposed to promulgate a Special Civil Air Regulation to read substantially as follows:

Contrary provisions of the Civil Air Regulations notwithstanding, position

light flasher units approved prior to January 15, 1951, may be eligible for installation on aircraft types subject to compliance with Parts 3 or 6 of the Civil Air Regulations as effective on January 15, 1951.

It is further proposed to terminate this regulation two years from the effective date, unless sooner superseded or rescinded.

This regulation is proposed under the authority of Title VI of the Civil Aeronautics Act of 1938, as amended. The proposal may be changed in the light of comments received in response to this notice of proposed rule making.

(Sec. 205, 52 Stat. 984; 49 U. S. C. 425. Interpret or apply secs. 601-610, 52 Stat. 1007-1012; 49 U. S. C. 551-560)

Dated: December 30, 1952, at Washington, D. C.

By the Bureau of Safety Regulation,

[SEAL] JOHN M. CHAMBERLAIN,
Director.

[F. R. Doc. 53-79; Filed, Jan. 5, 1953; 8:50 a. m.]

NOTICES

SECURITIES AND EXCHANGE COMMISSION

[File No. 70-2963]

OHIO EDISON CO.

ORDER GRANTING APPLICATION AND PERMITTING DECLARATION TO BECOME EFFECTIVE REGARDING SALE OF SHARES OF COMMON STOCK THROUGH A RIGHTS OFFERING AND SHARES OF PREFERRED STOCK BY COMPETITIVE BIDDING

DECEMBER 30, 1952.

Ohio Edison Company ("Ohio Edison"), a registered holding company and a public utility company, having filed an application-declaration and amendments thereto, pursuant to sections 6 (a), 7, 9 (a), 10, 12 (c) and 12 (d) of the act and Rules U-42 and U-50 thereunder with respect to certain proposed transactions which are summarized as follows:

Ohio Edison proposes to issue 479,846 shares of its common stock, par value \$12 per share. The shares of common stock are to be offered, during a period of approximately two weeks expiring January 23, 1953, to the holders of the outstanding common stock of the company for subscription in the ratio of 1 share of common stock for each 10 shares of common stock now held. The holders will also be given the privilege, subject to allotment, of oversubscribing at the subscription price.

The rights to subscribe are to be evidenced by transferable subscription warrants. No fractional shares are to be issued. The warrants provide that persons subscribing for stock may direct the subscription agent to purchase additional rights required to complete a

full share subscription or to sell rights in excess of full share subscriptions. In each case the purchase or sale may not exceed 9 rights for any single stockholder.

The above-described offering is to be underwritten and the company proposes to select the purchasers of any unsubscribed stock and any stock acquired by the company through stabilizing operations, as described below, at competitive bidding pursuant to Rule U-50. At least 42 hours prior to the time for the submission and opening of bids, Ohio Edison will advise the prospective bidders of the subscription price per share, which will also be the price per share at which unsubscribed shares and any shares acquired by the company through stabilization operations will be sold to the successful bidder. The bidders will be required to specify an aggregate amount of compensation to be paid by the company for their commitments. Under the terms of the bidding the prospective purchasers must agree that, in the event any shares purchased by them from the company shall be sold by them prior to 30 days following the expiration of the subscription period for a price in excess of the subscription price plus \$1.50 per share, the purchasers shall pay to the company 50 percent of such excess. The company requests that the ten-day period required by Rule U-50 to elapse between the time of inviting bids and the entering into of an agreement with respect to the sale of the common stock be shortened to six days.

Ohio Edison further proposes, if considered necessary or desirable, to stabilize the price of the common stock of the company for the purpose of facilitating the offering and distribution of the addi-

tional shares of common stock. In connection therewith the company may, during the period commencing with the second full business day prior to the time for submission of bids for the purchase of the common stock and continuing until such time, purchase shares of its common stock, but not in excess of 47,984 shares, on the New York Stock Exchange, the Midwest Stock Exchange, or otherwise. Such purchases are to be made through brokers with the payment of regular stock exchange commissions.

On or about January 13, 1953, Ohio Edison also proposes to issue and sell, pursuant to the competitive bidding requirements of Rule U-50, 150,000 shares of -- percent Preferred Stock, \$100 par value. The dividend rate and the price per share to be paid the company will be determined by competitive bidding, except that the invitation for bids will specify that the price to the company shall not be less than \$100 per share or more than \$102.75 per share.

The proceeds of the sale of the common stock and the preferred stock will be used for construction purposes.

The filing indicates that the issuance and sale of the common stock and preferred stock have been authorized by the Public Utilities Commission of Ohio subject to a reservation of jurisdiction as to the subscription and selling prices, the dividend rate, and the underwriters' spread.

Appropriate notice of said filing having been given in the form and manner prescribed by Rule U-23 promulgated pursuant to said act, and the Commission not having received a request for a hearing with respect to said application-declaration within the period speci-

fied, or otherwise, and not having ordered a hearing thereon;

The Commission finding with respect to said application-declaration, as amended, that the requirements of the applicable provisions of the act and the rules thereunder are satisfied, that no adverse findings are necessary thereunder, and deeming it appropriate in the public interest and in the interest of investors and consumers that the said application-declaration, as amended, be granted and permitted to become effective forthwith, and that the applicant-declarant's request to shorten the bidding period be granted:

It is hereby ordered, Pursuant to said Rule U-23 and the applicable provisions of said act, that said application-declaration, as amended, be, and the same hereby is, granted and permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule U-24 and to the further conditions:

1. That the proposed issuance and sale of common stock shall not be consummated until the subscription price of such stock and the results of competitive bidding, pursuant to Rule U-50, shall have been made a matter of record herein and a further order shall have been entered with respect thereto in the light of the record so completed, which order may contain such further terms and conditions as may then be deemed appropriate.

2. That the proposed issuance and sale of preferred stock shall not be consummated until the results of competitive bidding herein proposed pursuant to Rule U-50, shall have been made a matter of record herein and a further order shall have been entered with respect thereto in the light of the record so completed, which order may contain such further terms and conditions as may then be deemed appropriate.

3. That jurisdiction be, and the same hereby is, reserved with respect to all fees and expenses to be paid in connection with the proposed transactions:

It is further ordered, That the 10-day period for inviting bids and the entering into of an agreement with respect to the sale of common stock be shortened to a period of not less than six days.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 53-73; Filed, Jan. 5, 1953;
8:49 a. m.]

[File No. 70-2974]

CENTRAL PUBLIC UTILITY CORP. AND PORTO
RICO GAS & COKE CO.

ORDER PERMITTING REPURCHASE BY SUBSIDIARY
COMPANY OF SHARES OF PREFERRED
STOCK OF SUBSIDIARY COMPANY

DECEMBER 30, 1952.

Central Public Utility Corporation ("Central Public"), a registered holding company, and its public utility subsidiary, Porto Rico Gas & Coke Company ("Porto Rico"), have filed a joint declaration, with an amendment thereto, pursuant to sections 12 (c) (d) and (f)

of the act and Rules U-42, U-43 and U-44 promulgated thereunder, with respect to the following proposed transactions:

Porto Rico proposes to repurchase, and Central Public proposes to sell, 1,000 shares of the 6-percent Cumulative Preferred Stock, \$100 par value, of Porto Rico at a price of \$100 per share, or an aggregate cash consideration of \$100,000. Porto Rico represents that it will cancel and extinguish these shares of preferred stock upon acquisition. The declaration states that Central Public will use the proceeds of the sale for general corporate purposes.

The outstanding securities of Porto Rico consist of \$709,000 principal amount of 4½ percent First Mortgage Bonds due 1965, 2,445 shares of \$100 par value 6 percent Cumulative Preferred Stock, and 10,000 shares of \$25 par value Common Stock. All the outstanding securities of Porto Rico, except its mortgage bonds, are owned by Central Public.

It is represented that no State Commission or any other Federal Commission has jurisdiction over the proposed transactions.

Declarants state that it will be highly advantageous to Central Public from a Federal Income Tax standpoint if the proposed transactions are consummated on or before December 31, 1952. The Commission's notice of filing issued herein on December 22, 1952, afforded interested persons an opportunity, until January 2, 1953, to request that a hearing be held. Declarants further state that it is not anticipated any request for a hearing will be filed with the Commission and they request the Commission to permit the declaration to become effective not later than December 31, 1952, subject to the same being vacated should the Commission thereafter, pursuant to a request therefor having been timely filed, order a hearing on the proposed transactions.

Said joint declaration, with an amendment thereto, having been filed and notice of said filing having been duly given in the form and manner prescribed by Rule U-23 promulgated pursuant to said act, and the Commission not having received a request for hearing with respect to said declaration, and not having ordered a hearing thereon; and

It appearing to the Commission, on the basis of the record heretofore made, that it is not necessary that a hearing be held with respect to said joint declaration and that the transactions proposed therein satisfy the applicable provisions of the act and rules thereunder, and that it is appropriate in the public interest and in the interest of investors and consumers that said joint declaration, as amended, be permitted to become effective forthwith, subject to the conditions specified herein:

It is ordered, Pursuant to Rule U-23 and the applicable provisions of said act, that said joint declaration, as amended, be, and the same hereby is, permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule U-24 and to the further condition that jurisdiction be, and the same hereby is, reserved to vacate this

order and to order a hearing with respect to the proposed transactions upon appropriate request therefor if such request be filed with the Commission not later than January 2, 1953, at 5:30 p. m.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 53-74; Filed, Jan. 5, 1953;
8:49 a. m.]

FEDERAL POWER COMMISSION

[Docket Nos. E-6210, E-6463]

MONTANA-DAKOTA UTILITIES CO. AND DAKOTAS ELECTRIC COOPERATIVE, INC.

NOTICE OF ORDER AUTHORIZING SALE AND MERGER OF FACILITIES AND ASSUMPTION OF LIABILITY ON PROMISSORY NOTES

DECEMBER 30, 1952.

In the matter of Montana-Dakota Utilities Co., and Dakotas Electric Cooperative, Inc.; Docket Nos. E-6210 and E-6463.

Notice is hereby given that on December 29, 1952, the Federal Power Commission issued its order entered December 22, 1952, authorizing sale and merger of facilities and assumption of liability on promissory notes in the above-entitled matter.

[SEAL]

LEON M. FUQUAY,
Secretary.

[F. R. Doc. 53-70; Filed, Jan. 5, 1953;
8:48 a. m.]

[Docket No. E-6437]

ELECTRIC POWER, INC.

NOTICE OF FINDINGS

DECEMBER 30, 1952.

Notice is hereby given that on December 24, 1952, the Federal Power Commission issued its finding entered December 22, 1952, in the above-entitled matter, that the construction and operation of the proposed Shepaug development will not affect any public lands or reservations of the United States, and that the interests of interstate or foreign commerce would not be affected by said construction and operation.

[SEAL]

LEON M. FUQUAY,
Secretary.

[F. R. Doc. 53-71; Filed, Jan. 5, 1953;
8:49 a. m.]

[Docket Nos. G-1693, G-1473, G-1649, G-1727,
G-1737]

TEXAS EASTERN TRANSMISSION CORP. ET AL.

NOTICE OF ORDER AMENDING ORDER ISSUING
CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY

DECEMBER 30, 1952.

In the matters of Texas Eastern Transmission Corporation, Docket No. G-1693; Alabama-Tennessee Natural Gas Company, Docket No. G-1473; Tennessee Gas Company, Docket No. G-1649; Shippensburg Gas Company, Docket No. G-1727;

Consumers Gas Company, Docket No. G-1737.

Notice is hereby given that on December 29, 1952, the Federal Power Commission issued its order entered December 22, 1952, amending order (17 F. R. 6287) issuing certificate of public convenience and necessity in the above-entitled matters.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 53-72; Filed, Jan. 5, 1953;
8:49 a. m.]

HOUSING AND HOME FINANCE AGENCY

Office of the Administrator

CERTAIN OFFICIALS

DELEGATION OF AUTHORITY WITH RESPECT
TO REVISED CMP REGULATION NO. 6 OF THE
NATIONAL PRODUCTION AUTHORITY

1. The following officials of the Housing and Home Finance Agency are hereby delegated the authority of the Housing and Home Finance Administrator under Delegation No. 14 of the National Production Authority, as amended March 6, 1952, to authorize construction schedules, to make allotments of controlled materials, and to apply or assign to others the right to apply DO ratings and allotment numbers and symbols for procurement of building materials (other than controlled materials) and building equipment, in accordance with the provisions of Revised CMP Regulation No. 6, and to approve or disapprove applications for adjustment or exception under the provisions of Revised CMP Regulation No. 6, for the residential construction indicated below, subject to such instructions or directions as the Administrator may deem advisable:

a. To the Public Housing Commissioner and his designated representatives with respect to the construction of multi-unit residential structures by Federal, State, and local public agencies.

b. To the Assistant Administrator, Plans and Programs, of the Housing and Home Finance Agency with respect to all other construction of multi-unit residential structures not included in subparagraph a. above and with respect to the construction of 1- through 4-family residential structures.

2. The CMP Appeals Board of the Housing and Home Finance Agency is hereby delegated authority to hear and determine appeals from administrative actions taken by the officials designated in paragraph 1 of this delegation and in connection therewith to grant such relief as may be deemed appropriate under the provisions of Revised CMP Regulation No. 6 to the extent permitted by the availability of controlled materials.

3. This delegation supersedes the delegation of authority to officials of the Housing and Home Finance Agency with respect to CMP Regulation No. 6, effective April 22, 1952 (17 F. R. 3567), which is hereby revoked.

(Pub. Law 774, 81st Cong.; E. O. 10200, Jan. 3, 1951, 16 F. R. 61; Defense Production Administration Del. 1, May 15, 1951, 16 F. R.

4584; E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; Dept. of Commerce Order 123, Sept. 28, 1950, 15 F. R. 6726; NPA Del. No. 14, as amended, Mar. 6, 1952, 17 F. R. 1971)

Effective as of the 6th day of January 1953.

[SEAL] RAYMOND M. FOLEY,
Housing and Home
Finance Administrator.

[F. R. Doc. 53-75; Filed, Jan. 5, 1953;
8:50 a. m.]

INTERSTATE COMMERCE COMMISSION

[4th Sec. Application 27673]

PULPBOARD OR FIBREBOARD FROM BASTROP,
LA., TO KANSAS CITY, MO.

APPLICATION FOR RELIEF

DECEMBER 31, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: F. C. Kratzmeir, Agent, for the Arkansas & Louisiana Missouri Railway Company, the Illinois Central Railroad Company, and The Kansas City Southern Railway Company.

Commodities involved: Pulpboard or fibreboard, carloads.

From: Bastrop, La.

To: Kansas City, Mo.

Grounds for relief: Competition with rail carriers and circuitous routes.

Schedules filed containing proposed rates: F. C. Kratzmeir, Agent, I. C. C. No. 4027, Supp. 7.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission.

[SEAL] GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-60; Filed, Jan. 5, 1953;
8:47 a. m.]

[4th Sec. Application 27674]

FERTILIZING SOLUTION FROM VICKSBURG
AND YAZOO CITY, MISS., TO OFFICIAL AND
ILLINOIS TERRITORIES

APPLICATION FOR RELIEF

DECEMBER 31, 1952.

The Commission is in receipt of the above-entitled and numbered applica-

tion for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: R. E. Boyle, Jr., Agent, for carriers parties to schedule listed below.

Commodities involved: Fertilizer ammoniating solution and nitrogen fertilizing solution, in tank-car loads.

From: Vicksburg and Yazoo City, Miss.
To: Points in official and Illinois territories.

Grounds for relief: Rail competition, circuitry, and to apply rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: C. W. Boin, Agent, I. C. C. No. A-816, Supp. 82.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission.

[SEAL] GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-61; Filed, Jan. 5, 1953;
8:47 a. m.]

[4th Sec. Application 27675]

LIQUEFIED PETROLEUM GAS FROM LOUISIANA, MISSISSIPPI, AND ALABAMA, TO
ILLINOIS AND WESTERN TRUNK-LINE
TERRITORIES

APPLICATION FOR RELIEF

DECEMBER 31, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: R. E. Boyle, Jr., Agent, for carriers parties to Agent W. P. Emerson, Jr.'s tariff I. C. C. 408 and Agent C. A. Spaninger's tariff I. C. C. No. 1253.

Commodities involved: Liquefied petroleum gas, carloads.

From: Baton Rouge and other points in Louisiana, Gulfport and Rogerslacy, Miss., Mobile and Tuscaloosa, Ala.

To: Illinois and western trunk-line territories.

Grounds for relief: Competition with rail carriers, circuitous routes, and grouping.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice

of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission.

[SEAL]

GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-62; Filed, Jan. 5, 1953;
8:47 a. m.]

[4th Sec. Application 27677]

PETROLEUM COKE SCREENINGS FROM
CHICAGO, ILL., TO DULUTH, MINN., AND
SUPERIOR, WIS.

APPLICATION FOR RELIEF

DECEMBER 31, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: R. G. Raasch, Agent, for carriers parties to schedule listed below.

Commodities involved: Petroleum coke screenings, carloads.

From: Chicago, Ill., group.

To: Duluth, Minn., and Superior, Wis.
Grounds for relief: Competition with rail carriers and water carriers.

Schedules filed containing proposed rates: R. G. Raasch, Agent, I. C. C. No. 767, Supp. 2.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission.

[SEAL]

GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-64; Filed, Jan. 5, 1953;
8:47 a. m.]

[4th Sec. Application 27679]

METHANOL AND ANTI-FREEZE PREPARATIONS
FROM MILITARY, KANS., TO EAST ST.
LOUIS, ILL.

APPLICATION FOR RELIEF

DECEMBER 31, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: C. J. Hennings, Alternate Agent, for carriers parties to schedule listed below.

Commodities involved: Methanol and anti-freeze preparations, carloads.

From: Military, Kans.

To: East St. Louis, Ill.

Grounds for relief: Competition with rail carriers and circuitous routes.

Schedules filed containing proposed rates: C. J. Hennings' tariff I. C. C. No. A-3614, Supp. 151.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission.

[SEAL]

GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-66; Filed, Jan. 5, 1953;
8:47 a. m.]

[4th Sec. Application 27681]

SPENT SULPHURIC ACID FROM BALDWIN,
ARK. TO NORTH CHATTANOOGA, TENN.,
AND MOBILE, ALA.

APPLICATION FOR RELIEF

DECEMBER 31, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: F. C. Kratzmeir, Agent, for carriers parties to schedule listed below.

Commodities involved: Sulphuric acid, spent in tank-car loads.

From: Baldwin, Ark.

To: North Chattanooga, Tenn., and Mobile, Ala.

Grounds for relief: Rail and motor competition and circuitous routes.

Schedules filed containing proposed rates: F. C. Kratzmeir, Agent, I. C. C. No. 3908, Supp. 132.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission.

[SEAL]

GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-68; Filed, Jan. 5, 1953;
8:48 a. m.]

[4th Sec. Application 27682]

PIG IRON FROM SAULT STE. MARIE, ONTARIO, CANADA TO POINTS IN PENNSYLVANIA AND OHIO

APPLICATION FOR RELIEF

DECEMBER 31, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: L. C. Schuldt, Agent, for carriers parties to his tariff I. C. C. No. 3814.

Commodities involved: Pig iron, carloads.

From: Sault Ste. Marie, Ontario, Canada.

To: Pittsburgh, Pa., and certain other points in Pennsylvania and Ohio.

Grounds for relief: Competition with rail carriers.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission.

[SEAL]

GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-69; Filed, Jan. 5, 1953;
8:48 a. m.]